VOL 10 No 5 MAY 1980

SURVEY of Current Affairs

Government and Administration

Review of Public Order Legislation 147
Government Statement on Prison Services 148

External Affairs and Defence

European Council 150
Iran 151
Zimbabwe 155
Shorter Notes 155
UK-Saudi Relations

Economic and Scientific Affairs

Overseas Trade in 1979 157
Balance of Payments in 1979 159
Industrial Awards 163
Offshore Oil and Gas 168
Telecommunications 169
Shorter Notes 170
Inflation Accounting; Government Housing Measures; British Aerospace; Combined Heat and Power; Geothermal Energy; British Railways Board; British Transport Docks Board

Documentation 174

Published for British Information Services by
Her Majesty's Stationery Office, London

Annual subscription including postage and index £14.22

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GOVERNMENT AND ADMINISTRATION

Review of Public Order Legislation

The Government considers there is a need for a thorough review of the law relating to public marches, demonstrations and meetings. A Green Paper published on 24 April[1] sets out the issues involved in a review of the law on public order in England, Scotland and Wales. The document raises the question of whether the rights of those who wish to demonstrate and the rights of the rest of the public are in balance; it indicates the Government's provisional views in a number of areas and invites as wide a range as possible of views on the issues discussed.

Background

In a statement in the House of Commons on 17 June 1979, the Home Secretary announced that he was instituting a review of the Public Order Act 1936 and related legislation. In recent years there has been an increase in the number of demonstrations; the number in London involving the employment of more than 100 police officers increased from 55 in 1972 to 119 in 1979. There has been a corresponding increase in the proportion of police time devoted to dealing with demonstrations; in London, for example, the total manpower deployed on all major demonstrations increased from 19,000 in 1972 to 108,000 in 1979. There has also been an increase in the amount of violence associated with demonstrations: the number of people arrested at major demonstrations in London in 1974 was 247; in 1979 it was 536. Moreover, as a result of the first two factors, the cost of policing demonstrations has increased (an estimated £5·75 million was spent on policing major demonstrations in London in 1979). The increase in the number of demonstrations has also led to economic and social disruption to the community; the normal pattern of community and individual life is disturbed, and if disorder occurs it may result in personal injuries as well as in damage to property and dislocation of business life.

The law is not the only factor which can maintain public order and the freedom to protest but it is an area in which Government and Parliament can and must act if change is required. The Green Paper, therefore, sets out the issues involved in a review of the law. An outline of the major points discussed is given below.

[1]*Review of the Public Order Act 1936 and Related Legislation.* Cmnd 7891. HMSO, £2·50. ISBN 0 10 178910 6.

Policing

As a starting point, the Government states its opposition to any changes which would undermine long-established methods of policing by consent – that is, by deploying large numbers of police officers in ordinary uniform in the passive containment of a crowd. Neither the Government nor the police wish to see this approach abandoned in favour of more aggressive measures.

Existing Law

The Government considers the existing law on public order to be complex and fragmented and sees scope for rationalisation and improvement. While the law 'contains much that is designed to enable the police to cope with disorder once it occurs, it contains relatively little short of the ultimate sanction of a ban on a procession' to help the police prevent disorder before it breaks out. The main exception to this, however, is the Public Order Act 1936. In the case of processions, this provides powers to take preventive action where a proposed event is likely to cause serious disorder; in the case of threatening, abusive and insulting conduct and incitement to racial hatred, it makes unlawful certain types of words and behaviour which are offensive to the community as a whole or sections of it. The Paper considers the case for a statutory right to demonstrate and finds that such a right could add to the complexity of rather than simplify the law. It examines whether there is a need for a Public Order Act at all and concludes that, while disorder may occur on a scale which prevents other people from pursuing their own activities, 'there is still a need for an Act designed to help the police preserve order'.

Powers to Control Processions

The Paper outlines a number of criteria which might be used to gauge whether a march should be banned, and its provisional conclusion is that the threat of public disorder should remain the basis on which a ban is considered, though the addition of other criteria need not be ruled out. The Government considers that the present test of 'serious public disorder' may be too stringent and concludes that there seem good reasons for some relaxation of the present test if the rights of those who wish to march and those of the rest of the community are to be properly balanced.

The case for involving courts in the merits of decisions over the banning of marches is considered, but it is thought undesirable to involve

the judiciary in this way in such controversial political or administrative matters arising in relation to the present law. The Government's provisional view is that the present requirement that the appropriate minister, who is answerable to Parliament, should approve a ban is a suitable and sufficient democratic safeguard.

Power of arrest

Under the present law no power exists to arrest those defying a ban or ignoring routing instructions. The Government is inclined to think that a clarification of police powers in relation to unlawful processions is desirable. It also provisionally favours public order remaining the test for imposing conditions as well as bans on marches, but considers that a less stringent criterion than 'serious disorder' – perhaps simply 'disorder' – might be used to justify direction being given. The power to impose conditions with reasonable cause should remain in the hands of the police. A national requirement for advance notice of processions is favoured. (This is already in force through local legislation in many areas.)

Powers to Control Demonstrations and Meetings

At present the powers to impose conditions on and to ban demonstrations apply only to those which take the form of processions and marches. They do not apply to static demonstrations or to meetings, whether public or private. However, since much recent disorder has arisen not in relation to marches, but to meetings and demonstrations against meetings, the Paper asks whether a case exists for making open air meetings in public places subject to advance notice and to the imposition of conditions or bans on the same basis as marches. It emphasises that 'the Government is no way committed at present to the view that controls of a more or less extensive character are necessarily desirable'. In the case of indoor assemblies – private and probably public as well – the Government's initial view is that any significant extension of controls can clearly be ruled out.

Election Meetings

The Government's provisional view is that it would be inappropriate to make major amendments to the law for reasons of public order in connection with election meetings.

Prohibition of Offensive Conduct

The Government sees no need to change the existing law which prohibits the wearing of political uniforms or the setting up of quasi-military organisations; it also regards the present law covering the use of threatening words or behaviour in public places as adequate. The law on carrying offensive weapons in public places is thought to be broadly satisfactory although the Government would welcome views on extending police powers in relation to preventive action in this area.

Incitement to Racial Hatred

The Paper discusses the present provision on incitement to racial hatred and the criticisms which have been made of it. At present it is an offence to publish or distribute written matter or to use in public words which are threatening, abusive or insulting and are likely to stir up hatred against a racial group. It has been argued, however, that the present provision is largely ineffective and that it does not catch activities which cause offence to ethnic minority communities. The Paper refers to the difficulties in extending the law to make the expression of certain highly objectionable views an offence, whether or not such utterances would be likely to stir up racial hatred. It seems doubtful, according to the Paper, whether a provision could be drafted that would prevent damaging language and behaviour and would not at the same time encroach on the democratic right to express even unpalatable ideas nor present serious problems of enforcement for the police.

Limits of the Law

The Paper stresses that it would be wrong to assume that changing the law is necessarily the only way of securing a better balance between the interests of demonstrators and those of the rest of the public. In the Government's view any changes in the law should enhance the development of a responsible approach by the organisers of events, including a willingness to steward their own people. It considers that early contact between event organisers and the police to lay down guidelines is desirable and states that it 'will wish to discuss with chief officers of police the practical steps that might be taken to assist in this respect'.

Government Statement on Prison Services

The Home Secretary has announced the action which the Government proposes to take in England and Wales on the main recommendations of the Report of the Committee of Inquiry into the Prison Services (the May report).[1] These include the establishment of an inspectorate separate from the prison department, a restructuring of the prison department itself, and plans to start building two major new prisons. At the same time the Government will continue its efforts to develop alternatives to imprisonment.

In a statement in the House of Commons on 30 April (*Hansard*, Vol 983, No 165, cols 1378-96), the Home Secretary, Mr William Whitelaw, said that the prisons were 'chronically overcrowded' and the prison services were operating under severe strain. The present level of the prison population – 44,000 – was 'dangerously high'

[1] *Report of the Committee of Inquiry into the United Kingdom Prison Services.* Cmnd 7673. HMSO, £6. ISBN 0 10 176730 7. For its main recommendations, see pp 350-1, 1979.

and, while 'exceptional means by way of legislation' could not be ruled out if the situation demanded, it was the Government's primary task to prevent such a situation from developing.

The Government was undertaking a prison building programme to provide 3,400 places by 1985 and would start building two major new prisons in each of the next two years, to provide a further 1,500 places. Efforts would continue to be made to develop alternatives to imprisonment, in the belief that 'the outside community must play an increasing part, whether through statutory or voluntary agencies, in the treatment and containment of offenders, particularly those who have not committed violent offences'. The Government would give full support to non-custodial methods and recognised 'the major contribution that the probation and after-care service must make for them'.

Referring to measures for reducing the prison population, Mr Whitelaw said that the Government recognised the desirability of transferring mentally disordered prisoners to hospitals with the appropriate levels of security and would continue to give priority to the establishment of regional secure units. In addition public funds would in future be made available to help voluntary organisations provide simple overnight shelter for people who would otherwise be charged with offences of drunkenness.

On the need for shorter sentences, the Government believed that by the exercise of judicial discretion it should be possible to bring about a significant reduction in the general level of sentences without sacrificing the protection which the public was entitled to expect.

A number of important decisions had been taken on the management of the prison service. The Government supported the May committee's recommendations both for preserving direct ministerial responsibility for the service and for the treatment of individual prisoners while aiming at a structure which would give the service 'a greater corporate sense and enable those in charge to be more directly responsible for its own affairs'. A major change in the prison department's position in the Home Office and in its internal organisation was therefore being instituted. The department would be given wide delegated authority within the Home Office for the management of its staff and for the control of its finance. Special attention would be paid to improving the system of financial information and control. The present director general would remain in his post; a new post of deputy director general would be created; and the membership of the Prisons Board would be expanded to include the four regional directors and two outside non-executive members.

Mr Whitelaw accepted the May committee's recommendations for an inspectorate separate from the prison department and for the publication of its reports. A new Crown appointment of Chief Inspector of Prisons would be announced as soon as possible. The holder of this post would 'inspect and report to the Home Secretary on prison establishments in England and Wales, conducting regular inspections of individual establishments and investigating particular incidents or situations on the Home Secretary's directions'. The inspector would submit an annual report which would be published, and other reports which would be made publicly available as appropriate.

The Government endorsed the May committee's objective of a reconstructed regional organisation, which would enable regional directors to concentrate more closely on the supervision of individual establishments, reporting directly to the deputy director general. On the need to achieve better industrial relations, Mr Whitelaw said that he was pursuing such matters with the staff associations concerned, with priority being given to improvements in the procedures for handling industrial relations and for the design of a new attendance system and the associated conditions of service. He also accepted the committee's recommendation for a comprehensive review of training.

The Home Secretary said that he would do all he could to help the members of the prison service maintain their high traditions and develop new and constructive methods of treatment in the context of the concept of positive custody put forward in the May committee's report. All the measures announced had a common objective – to ensure an effective prison system and an efficient and confident prison service.

EXTERNAL AFFAIRS AND DEFENCE

European Council

At the European Council meeting in Luxembourg on 27-28 April leaders of the nine European Community countries considered the situations in Afghanistan and Iran, and discussed Britain's net contribution to the Community budget and a number of other Community questions that had been associated with it. The Council failed to reach agreement on the budget problem and other internal matters.

PRIME MINISTER'S STATEMENT

A statement on the outcome of the Council meeting was made by the Prime Minister, Mrs Margaret Thatcher, in the House of Commons on 29 April (*Hansard*, Vol 983, No 164, cols 1151-65). Regretting that it had proved impossible to make more progress on the Community's internal problems, the Prime Minister said she believed that, since Britain's partners had brought several issues together, it was understood that these could not be dealt with unless the budget problem were solved at the same time. Pointing out that the President of the Council (Signor Cossiga) intended to be active in the next few weeks in the search for a solution, Mrs Thatcher promised that he would receive Britain's full co-operation. Both she and he believed that a satisfactory outcome could be achieved.[1]

Iran and Afghanistan

The Prime Minister said that the meeting of the Council had taken place 'against the background of a sombre international situation'. The first part of its discussion had therefore been directed to the problems of Afghanistan and Iran. Total agreement had been reached on reaffirming 'the absolute necessity for every Government in the world, whatever their political attitude, to respect the Charter of the United Nations and the principles of international law'. This required the withdrawal of Soviet forces from Afghanistan and the release without further delay of the American hostages being held in Iran. While these two illegal situations remained, the world would 'continue to live in the shadow of potentially grave developments'.

It was therefore right that the Council had repeated the earlier suggestion of the Nine for a political solution to the problem of Afghanistan that would 'permit that country to resume its traditional neutrality and non-alignment'. Equally it was right that the Council had reaffirmed the decisions on Iran taken by the nine Foreign Ministers (see p 151) while assuring the Secretary-General of the United Nations of full support for his efforts to find a political solution to the problem.

Budget Contribution

Mrs Thatcher said that there had been 'broad agreement' on the methods by which the Community would both reduce Britain's contribution and increase the benefits to Britain from Community expenditure. Considerable progress had been made on amounts but 'less on the duration of the arrangements'. A number of proposals had been made, including one that would have reduced the net contribution to £325 million [a reduction of £800 million], but for 1980 only. Member states had been unable to agree on later years. In spite of intensive efforts to reach a satisfactory compromise, it had proved impossible to find an acceptable combination of both amount and duration.

Answering questions from the Leader of the Opposition, Mr James Callaghan, who said that the Prime Minister 'was absolutely right not to agree to a reduction for one year only', Mrs Thatcher said that the promise of an £800 million refund in one year was a 'very significant achievement'. The difficulties had arisen when the discussion was about the second year. Although Britain would also have obtained a substantial refund in the second year, the Community had not been prepared to define it in a satisfactory way, or to continue it. The Prime Minister had felt that this argument could not go on yet again at regular intervals, and that it would be better to wait until a settlement could be achieved under which there could also be an agreement on the duration.

Agriculture and Fisheries

On the issue of agricultural prices, Mrs Thatcher recalled that the agricultural ministers had met on 27 April to continue previous discussions on proposed agricultural prices for 1980-81 and other questions. The ministers had reported to the European Council that, with some reservations, member states other than Britain were ready to approve an average increase in prices of about 5 per cent including 4 per cent on milk and sugar, an increase in the co-responsibility levy for milk,

[1]No communiqué on internal Community matters was issued after the Council meeting. The Presidency conclusions on the economic and social situation noted Council discussions on: prospects for member states' economies, the European Monetary System, energy, fisheries, agriculture, sheepmeat, the Committee of Three's report on adjustments to the machinery and procedures of the Community's institutions, the Brandt Commission's report, and measures to combat pollution.

a range of other measures, and proposals on a common organisation for mutton and lamb. Discussion on these issues, which other member states had wanted to settle at the same time as the budget problem, had revealed a number of difficulties for Britain including unacceptable budgetary and other consequences. The proposals on mutton and lamb also contained 'seriously disadvantageous' features that Britain could not accept.

Replying to questions the Prime Minister said that the proposals on prices 'would have increased the proportion of the budget going to expenditure on agriculture'. While those who worked in agriculture like those in other industries were entitled to a reasonable return for their efforts, the British people resented being asked to contribute large sums to surpluses. It was unfair that they had to contribute such large sums and they disagreed with the policy of building up the surpluses. If a lamb surplus were created, this 'would be wholly the wrong direction in which to go'.

On fisheries Mrs Thatcher noted that the European Council had reviewed the progress of discussions on a common fisheries policy. Although all member states wanted to make progress, much more work needed to be done and any solution acceptable to Britain had to safeguard the vital interests of the British fishing industry.

Energy

The Prime Minister said that the energy situation in the Community had been discussed as well as the problems caused by 'the tenfold rise in international oil prices over the last eight years'. The Council of Energy Ministers had been invited to examine what new measures might be necessary on oil supplies and to review the current policies of member states on the replacement of oil by other fuels, the development of nuclear power, and conservation. These matters would be considered by the next European Council meeting, in Venice in June.

COUNCIL'S STATEMENT ON THE INTERNATIONAL SITUATION

A statement on the international situation was issued at the end of the Council meeting. In it the leaders and foreign ministers of the Community member states expressed grave concern at the trend of recent events, especially in Afghanistan, Iran and the Middle East. They considered that 'these events now more than ever require of the member states . . . that they show cohesion'.

Afghanistan

The Council noted with deep concern that Soviet military forces had not been withdrawn from Afghanistan despite the condemnation of the international community expressed by the General Assembly of the United Nations (see pp 15-18) and despite the repeated calls of the European Community and of the Islamic Conference and the ASEAN countries.

The Council reaffirmed the Community member states' view that a solution in accordance with the resolution of the UN General Assembly could be found in an arrangement which allowed Afghanistan to remain outside competition among the powers and to return to its traditional position as a neutral and non-aligned state (see pp 73-4). Respecting the right of the Afghan people freely to determine their own future, the Community believed that to this end the great powers and the neighbouring states should undertake to respect Afghanistan's sovereignty and integrity, to refrain from interference in its internal affairs, and to renounce all forms of military presence or association with it.

Community countries, said the statement, 'are ready to support, in concert with friendly and allied countries, any initiative designed to promote such a solution, emphasising that their own proposal is neither rigid nor exclusive'. They believed that Islamic and non-aligned countries had a particularly significant role to play.

US Hostages in Iran

For a summary of the Council's statement see the article on Iran in this issue.

The Middle East

The Community member states reiterated their belief that only a comprehensive, just and lasting settlement can bring true peace to the Middle East. The Council, 'conscious that Europe may in due course have a role to play', instructed foreign ministers to submit a report on this problem to its next session.

Lebanon

The Council denounced the acts of violence committed in southern Lebanon against members of the United Nations Interim Force, and demanded that they should cease immediately and that the Force be permitted to carry out in full its mandate from the Security Council. 'At this time of crisis in world affairs', said the statement, 'the European Council believes that it is vital that international procedures for the management of crisis and the easing of tensions be used to the full and that the United Nations Charter and international law be fully upheld.'[1]

Iran

European Community member states have agreed to impose economic sanctions against Iran unless decisive progress is made towards the release of the American hostages held illegally in Iran since November 1979. Community foreign ministers are to meet on 17 and 18 May and will decide whether or not to

[1]At their meeting in Luxembourg on 22 April, foreign ministers of the nine Community member states expressed their 'profound revulsion at the recent killing of soldiers of the Force and especially at the brutal and cold-blooded murder on 18 April by the irregular forces of Major Haddad of two unarmed soldiers of the Irish contingent'. The ministers recalled their statement of September 1979 reaffirming support for the independence, sovereignty and territorial integrity of Lebanon and calling on all parties to give full assistance to the Interim Force's operation and to respect the decisions of the Security Council.

go ahead with sanctions. In Britain enabling legislation has been approved Parliament. Certain other steps by Community member states, mainly of a political nature, are also involved.

The actions follow a request for assistance from the United States which in April imposed economic sanctions against Iran, and broke off diplomatic relations. Britain has consistently condemned the taking and detention of the hostages as a violation of international law, and has expressed continued support for the United States. An unsuccessful attempt to rescue the hostages was made by US forces on 24 April.

Actions by the Community

Following measures announced by the United States President, Mr Jimmy Carter, on 7 April (see below), European Community foreign ministers met on 10 April in Lisbon and instructed their ambassadors in Tehran to make representations to the President of Iran, Mr Bani-Sadr, concerning the release of the hostages. This was done on 12 April and in reply Mr Bani-Sadr said that he hoped that a decision on the future of the hostages would be taken by the new Iranian Parliament when it had been elected and established; however, he was unable to give a firm assurance as to the date of the Parliament's meeting or whether it could be relied upon to act as he hoped.

On 14 April the British Prime Minister, Mrs Margaret Thatcher, told the House of Commons (*Hansard*, Vol 982, No 153, cols 790-9) that President Carter had asked the friends and allies of the United States for their assistance concerning the continued illegal detention of the hostages. Paying tribute to the 'remarkable patience and restraint' exercised by the US administration and the American people, she said that their reasonable hopes of progress had been dashed time and again. The United States, having put up for several months with the flouting by Iran of international law and established practice, now felt obliged to demonstrate that the continued detention of the hostages would carry increasing penalties.

The Prime Minister pointed out that Britain had been giving, and would continue to give, utmost support to the United States. At an early stage in the crisis Britain had co-operated with the United States on certain measures in the financial and commercial fields and no arms or defence equipment had been sent to Iran; in addition a substantial reduction in the size of the British Embassy in Tehran had been made in December. Noting that the United States had asked Britain to consider a wide range of measures including economic sanctions and an eventual break in diplomatic relations with Iran in the event of no progress, Mrs Thatcher said that measures had to be effective and be capable of commanding 'a broad measure of international support'.

A further meeting of Community foreign ministers discussed the situation on 22 April in Luxembourg. Having expressed solidarity with the Government and people of the United States and condemned the continued detention of the hostages as 'intolerable from a humanitarian and legal point of view', the ministers outlined measures based on a two-stage plan put forward by Britain's Foreign Secretary, Lord Carrington. They agreed to seek immediate legislation, where necessary, in their national parliaments to impose economic sanctions against Iran in accordance with the United Nations Security Council resolution of 10 January, which was vetoed by the Soviet Union (see below), and in accordance with the tenets of international law. The foreign ministers believed that the legislative processes should be completed by 17 May when they would be meeting informally in Naples. In the absence of decisive progress on the release of the hostages, they would then proceed immediately to the common implementation of sanctions.

In the meantime, no new export or services contracts with people or organisations in Iran should be concluded, and the ministers agreed to reduce their embassy staffs in Tehran and the number of Iranian diplomats in their countries, to re-introduce a visa system for Iranian nationals travelling to member states, and to withhold permission for the sale or export of arms or defence-related equipment to Iran. They called upon other governments to associate themselves with these decisions, and instructed their ambassadors to inform the Iranian Government of the outcome of the meeting and to undertake 'all possible efforts to alleviate and improve the living conditions of the hostages pending their release'.

Following the European Council meeting in Luxembourg on 27-28 April (see p 150), leaders of the Community's member states reaffirmed the decisions taken by the foreign ministers and their solidarity with the United States. Drawing attention to the repeated condemnation by the Community of the occupation of the United States embassy and the seizure of its staff as hostages, they considered that 'the situation created by this violation [of international law] opens the door to developments fraught with serious consequences'. A return to a state of legality was the only way to ensure peace and security. Full support was declared 'for the steps which the Secretary-General of the United Nations intends to take to secure the release of the hostages'.

British Sanctions Legislation

Under the Iran (Temporary Powers) Act 1980, which received the Royal Assent on 15 May, the Government has power to impose sanctions on Iran in relation to contracts for services or for the sale, supply or transport of goods. The Act excludes contracts providing banking or other financial services, because restrictions have already been operating in this area since the end of 1979. Also excluded are food, medical supplies and pharmaceuticals. Under the Import, Export and Customs Powers (Defence) Act 1939, the Government can prohibit or regulate the import or export of goods of any kind.

Background

On 4 November 1979 armed Iranian students

occupied the United States Embassy in Tehran and held the staff as hostages. Supported by the Iranian authorities, they demanded the extradition to Iran of the ex-Shah, then receiving medical treatment in the United States, in return for the release of the hostages. The United States Government refused this demand and most of the Embassy's staff have been held in Iran ever since, thirteen having been released later in November. After the completion of the medical treatment the ex-Shah left the United States for Panama in December; he is now living in Egypt.

On 5 November armed intruders broke into the British Embassy compound in Tehran and took over the whole Embassy building. Contacts between Embassy officials and the intruders took place over a period of about five hours, after which the latter withdrew from the premises.

Under the 1961 Vienna Convention on Diplomatic Relations the premises of any embassy are declared 'inviolable' and the receiving state is under a special duty 'to take all appropriate steps to protect the premises of the mission against any intrusion or damage and to prevent any disturbance of the peace of the mission or impairment of its dignity'. The premises and property are immune from any search, requisition or attachment. The Convention says that every diplomat is free from any form of arrest, detention, or criminal prosecution; if a receiving state believes that a diplomat has engaged in improper conduct, he or she can be declared *persona non grata* and expelled from the country.

British Support for the United States

Britain has expressed full agreement with the United States since the beginning of the crisis and on 26 November the then US Secretary of State, Mr Cyrus Vance, wrote to Lord Carrington thanking him for Britain's 'staunch support'. In December 1979 the Prime Minister had talks in Washington with President Carter. Part of the joint statement issued on 18 December noted that President Carter had expressed his appreciation for Britain's assistance and that Mrs Thatcher had made it clear that Britain shared the anguish of the United States and would do its utmost to convince the Iranian authorities to release all the hostages unharmed (see p 15).

As a member of the North Atlantic Treaty Organisation (NATO) and the European Community, Britain has taken a full part in discussions concerning the hostages. On 13 December 1979 the foreign ministers and representatives of the members of NATO emphasised that 'any taking of hostages, for any motive whatsoever, is totally unacceptable and must be firmly opposed by the international community as a whole'; they called on Iran to release the hostages immediately and allow them to return to their country. On 20 November Lord Carrington and the other foreign ministers of the European Community expressed 'deep concern' at the fact that the Iranian authorities had not fulfilled their obligations 'to give appropriate protection to both the staff and the premises of the American Embassy in Tehran'. Describing the continued holding of the hostages and the threat to put them on trial as 'a breach of international law', the foreign ministers called on Iran to release them. A similar statement was issued by the European Council at the end of November (see p 372, 1979).

The United Nations

Following an initiative by the United Nations Secretary-General, Dr Kurt Waldheim, the Security Council met on 4 December and unanimously urged the Iranian Government to release the hostages, provide them protection, and allow them to leave the country. It called upon the United States and Iranian Governments to resolve peacefully the remaining issues between them and asked the Secretary-General to lend his good offices for the immediate implementation of the resolution.

The United States made an application to the International Court of Justice on 29 November requesting interim rights of protection and the release of the hostages. The case was heard on 10 December, and five days later the Court unanimously made an interim decision calling for the immediate release of the hostages.

Since no move was made by Iran to obey the Court's order or to comply with the Security Council resolution, the United States requested a further meeting of the Security Council which adopted a new resolution on 31 December. Sponsored by the United States and approved by 11 votes (including that of Britain) to none against with four abstentions, it called for the immediate release of the hostages and took note of the Secretary-General's readiness to visit Iran in an effort to resolve the dispute. The Council also decided to meet again in January and, in the event of non-compliance by Iran, to consider the adoption of sanctions. Speaking on 29 December, the British Permanent Representative, Sir Anthony Parsons, reiterated Britain's complete support for the United States, and condemned the Iranian authorities for their 'flagrant violation' of the Vienna Convention, other United Nations conventions, international law and long-standing practice of states. Sir Anthony emphasised that Britain had no quarrel with the Iranian people, had no wish to interfere in Iran's internal affairs, respected the right of Iran freely to choose its own system of government and recognised that the Iranian people felt 'a deep sense of grievance towards the previous regime in their country'. He was confident that the people of Iran shared a desire to have normal diplomatic, commercial and cultural relations with Britain, and pointed out that nothing stood in the way of such a relationship except 'the totally unacceptable, continuing detention of the American hostages'.

In an effort to solve the problem Dr Waldheim visited Iran on 2-4 January 1980 for talks with the Iranian Foreign Minister, Mr Sadeq Qotbzadeh, and with members of the Revolutionary Council. On his return to New York Dr Waldheim reported to the Security Council on 7 January that the Iranian leaders were not prepared to release the hostages and that they continued to link this issue with the extradition of the former Shah and the return of assets allegedly taken by him illegally out of the country.

On 10 January the Security Council met to consider a United States draft resolution calling for the imposition of economic sanctions on Iran by the United Nations. Expressing Britain's support for the resolution, Sir Anthony Parsons said on 13 January that the Council had 'no alternative but to follow up the decision it took on 31 December and resort to the further measures available to it under the Charter'. Ten members of the Security Council (Britain, the United States, France, Norway, Portugal, Tunisia, Niger, Jamaica, the Philippines and Zambia) voted for the resolution, but it was opposed by the Soviet Union, using its veto, and the German Democratic Republic. Bangladesh and Mexico abstained, and the People's Republic of China did not take part in the vote. Because of the Soviet veto the resolution was not adopted.

Dr Waldheim continued discussions with United States and Iranian representatives. On 25 January he expressed the hope that the establishment of a commission of inquiry concerning Iranian grievances and the release of the hostages could lead to a peaceful solution. Following intensive contacts and consultations with the United States and Iran he announced on 20 February the appointment of a commission of inquiry of five jurists (one each from Algeria, France, Sri Lanka, Syria and Venezuela) to undertake 'a fact-finding mission to Iran to hear Iran's grievances and to allow for an early solution of the crisis between Iran and the United States'. He said that Iran had accepted that the Commission should see the hostages.

The Commission arrived in Tehran on 23 February and in the following days met members of the Iranian Government and people expressing grievances against the previous regime. On 3 March the Iranian Foreign Minister informed the Commission that the Revolutionary Council had unanimously decided that all the hostages could be seen. However the Ayatollah Khomeini issued a statement on 10 March putting forward a number of conditions before the Commission could see the hostages. One of the most important of these was that the Commission should announce its views in Tehran concerning the 'crimes' of the ex-Shah and the 'interferences' of the United States. Because of the unacceptability of these conditions, Dr Waldheim instructed the Commission to return to New York in order to allow the Iranian authorities time to think out their position.

President Carter's Measures

Because of the continued refusal to release the hostages, and the failure of moves designed to transfer them from the students to the care of the Revolutionary Council, President Carter announced on 7 April that the United States was breaking diplomatic relations with Iran. Other measures included an immediate ban on all exports to Iran with the exception of food, medicine and medical supplies; the prohibition of any new loans or credits to any Iranian government agency and of any services in support of industrial projects in Iran except in fulfilment of contracts signed before 7 April. All visas issued to Iranian citizens for future entry into the United States would be made invalid; no visas would be re-issued nor would new visas be granted except for compelling and proven humanitarian reasons.

Additional measures were outlined by President Carter in a news conference on 17 April including a ban on all imports into the United States from Iran, the prohibition of travel by US citizens to Iran, a ban on financial transfers to any person or entity in Iran except those directly relating to family remittances and the gathering of news, and a request to Congress for discretionary authority to pay reparations to the hostages and their families from frozen Iranian assets in the United States. The President warned the Iranian authorities that the 'availability of peaceful measures, like the patience of the American people, [was] running out' and that other actions might become necessary 'if the Government of Iran refuses to fulfil its solemn international responsibility'.

Rescue Mission: On 24 April United States forces made an unsuccessful attempt to rescue the hostages in Iran. President Carter's subsequent statement to the American people said that the mission had had to be terminated because of an equipment failure. Eight American crew members were killed and a number injured when two United States aircraft collided on an airfield in Iran during the operation. The President said that at no stage were there any military hostilities with the Iranian armed forces.

Answering questions in the House of Commons on 25 April following a brief statement giving details of the rescue mission, the Lord Privy Seal, Sir Ian Gilmour, said that the United States had shown the utmost restraint over the past few months and that the British Government drew a clear distinction between an attempt to rescue the hostages on the one hand and military actions against Iran on the other; this was not a moment to criticise the United States leadership but a time when allies should stick together (*Hansard*, Vol 984, No 161, cols 878-85).

After the rescue attempt the United States hostages were dispersed to a number of centres in Iran.

Seizure of Iranian Embassy in London

On 30 April armed terrorists forced their way into the Iranian Embassy in London and took members of the staff as hostages, together with others including a police officer on duty at the Embassy and two BBC employees who were visiting it. The Home Secretary, Mr William Whitelaw, told the House of Commons on 1 May that the terrorists had identified themselves as Iranians and claimed to belong to a dissident organisation calling itself 'The Group of the Martyr'; they had addressed certain demands to the Government of Iran, including the release of 91 people imprisoned there, and had asked the Iranian Government to recognise the rights of the Iranian peoples (*Hansard*, Vol 983, No 166, cols 1628-9).

Following attempts to resolve the matter peacefully, the Embassy was assaulted on 5 May by members of the Special Air Service (SAS) Regiment after the terrorists began implementing their threat to kill hostages. Two hostages were

killed by the terrorists, and 19 were rescued. Five terrorists were killed, and one arrested.

In the House of Commons on 6 May (*Hansard*, Vol 984, No 168, col 23) the Prime Minister said that she had sent a letter to President Bani-Sadr at the beginning defining what she understood to be the legal responsibilities 'of each and every Government to look after the safety of diplomats on their territory'. She believed that the way in which the SAS rescue operation had been carried out would 'have an effect on the future position of American hostages in Iran', and consideration needed to be given to ways in which this 'superb operation' could be turned 'to best advantage for the American hostages'. President Bani-Sadr sent a message to the Prime Minister thanking Britain for rescuing the hostages.

Giving further details, the Home Secretary told the House on 6 May (*Hansard*, Vol 984, No 168, cols 28-35) that he regretted the need to resort to force but that in the end there had been no alternative. Throughout the incident the Metropolitan Police 'patiently sought to negotiate towards a peaceful conclusion' and as a result of their efforts five hostages had been, progressively, released. He had made it clear to the Commissioner of Police that the Government was not prepared to give in to the terrorists' demands for a safe conduct out of Britain. Subject to that overriding consideration, everything had been done to persuade the terrorists peacefully to surrender and free the hostages. However during 5 May it 'became increasingly clear ... that the days of patient negotiation and of personal direct appeals were not going to achieve their objectives'. Once the gunmen began carrying out their threat to kill the hostages, he had authorised, at the Commissioner's request, the commitment of the SAS. The way in which this incident was conducted and resolved demonstrated conclusively the determination of the British Government and people not to allow terrorist blackmail to succeed.

Zimbabwe

Following the successful implementation of the Lancaster House Agreement (see pp 364-70, 1979, and pp 67-8), Rhodesia became the independent Republic of Zimbabwe on 18 April, at the same time joining the Commonwealth as its forty-third member state. Britain has agreed to provide Zimbabwe with some £75 million in aid over the next three years.

Zimbabwe's President is Mr Canaan Banana. Its Prime Minister is Mr Robert Mugabe, whose political party, the Zimbabwe African National Union – Patriotic Front, won a substantial victory in the elections held under British supervision in February (see pp 67-8). The Queen was represented at the independence ceremony and accompanying celebrations by the Prince of Wales and the British Government by the Secretary of State for Foreign and Commonwealth Affairs, Lord Carrington. Also present were Lord Soames, Governor of Rhodesia since November 1979, the Official Opposition spokesman on foreign and Commonwealth affairs, Mr Peter Shore, and the leader of the Liberal Party, Mr David Steel.

British Aid

In a statement in the House of Lords on 15 April (*Hansard*, (*HL*), Vol 408, No 112, cols 124-33), Lord Carrington wished Zimbabwe every success and said that the British Government looked forward to working with that of Mr Mugabe. Subject to parliamentary approval, Lord Carrington continued, Britain would provide Zimbabwe with £75 million in aid over the next three years. This would include a £7 million grant for urgent post-war reconstruction; £500,000 for the joint funding with British voluntary agencies of projects which they may undertake in Zimbabwe; and Britain's contributions to aid provided through any extension of the Lomé Convention to Zimbabwe (see pp 322-3, 1979), to the special appeal of the United Nations Commissioner for Refugees (see p 48), and to further humanitarian assistance. The bulk of the aid, however, would be disbursed bilaterally, the projects to be supported to be agreed between the two Governments following the visit to Zimbabwe of a mission from Britain's Overseas Development Administration. At the request of the Zimbabwe Government, the Foreign Secretary added, Britain was already providing assistance with police training, broadcasting and for the development of the civil and foreign services. Outside the aid programme, assistance was being provided for training the Zimbabwe army.

Shorter Notes

UK-SAUDI RELATIONS

The British Government has regretted the damage caused to relations between Britain and Saudi Arabia by the showing of the film *Death of a Princess* on independent television on 9 April.[1] At the same time it has informed the Saudi authorities that it did not have the power to ban or censor the film.

On 23 April the British Ambassador in Saudi Arabia was asked by the Saudi Government to leave the country. This request followed the Saudi Government's decision that it was no longer proper to maintain relations between the two countries at their present level.

In a statement in the House of Lords on 24 April (*Hansard* (*HL*), Vol 408, No 118, cols 889-94), the Secretary of State for Foreign and Commonwealth Affairs, Lord Carrington, stressed that the British Government attached 'very great

[1]The ATV film was a 'two-hour dramatised documentary about a public execution in Saudi Arabia' (*TV Times*, 5-11 April 1980). After it was shown, there was considerable press comment and the Saudi Embassy in London issued a statement which was critical of the film and ATV. There were protests from the Arab and Muslim world, and attention focused on plans to show the film in other western countries.

importance' to its relations with Saudi Arabia and regretted that they had been damaged by an incident outside its control. Both countries benefited from the 'close political and economic relationship' between them; there was a community of about 30,000 British people working in Saudi Arabia; and both countries shared 'a common concern that the vital Gulf area should develop in stability and peace without interference from outside powers'. In the presence of external threats to the area, the two countries needed to draw closer rather than drift apart. For its part, the British Government hoped and believed that with goodwill on both sides the 'present misunderstanding' could be overcome. It wanted to see 'the minimum disruption' in relations between the two countries and 'a speedy return to the friendship which has characterised them in the past'.

Speaking in the House of Commons on the same day (*Hansard*, Vol 984, No 161, cols 701-5), the Lord Privy Seal, Sir Ian Gilmour, said that the Government had made clear to the Saudi Government before the showing of the film that it did not, and had no desire to, control the media in Britain. The Government, he explained, was careful not to interfere with freedom of communications, but he thought that this should be balanced by 'a degree of responsibility by those who make films that are shown abroad'. In this particular film there were undoubtedly incidents which 'had virtually no factual basis at all and were based on innuendo and rumour', and those should not have been shown. He believed that 'the so-called dramatisation, or fictionalisation, of alleged fact and history [was] extremely dangerous and extremely misleading'.

Overseas Trade in 1979

In 1979 the European Community was again Britain's most important market and source of supply; the Federal Republic of Germany remained the main single-country source of supply and overtook the United States as Britain's top export market. Manufactures accounted for nearly 80 per cent of Britain's exports while food, beverages and tobacco and industrial materials accounted for 50 per cent of imports. The deficit on trade in oil more than halved, from £1,999 million in 1978 to £780 million in 1979. Exports totalled £40,689 million and imports £44,001 million (on a balance of payments basis[1]), resulting in a deficit on visible trade of £3,312 million, compared with a deficit of £1,493 million in 1978. Between 1978 and 1979 exports increased in volume by 3·6 per cent and imports by 11·6 per cent.

An analysis of Britain's overseas trade in 1979, together with data going back to 1970, appeared in *British Business* of 14 March. The issue for 21 March continued the series back to 1963.

TOTAL TRADE

The pattern of trade in the first half of 1979 was affected by the impact of the road haulage dispute in delaying goods which should have been exported in the first quarter. The engineering industry dispute of autumn 1979 is thought unlikely to have had much impact on the third and fourth quarter figures.

The worsening of the visible trade deficit to £3,312 million (see Table 1) occurred despite an improvement of £1,219 million in the balance of trade in oil. The principal factor in the decline of the balance in non-oil trade from a surplus of £506 million in 1978 to a deficit of £2,532 million in 1979 was a further fall in the surplus on manufactured goods; trade in motor vehicles accounted for about half the fall of £2,227 million to £2,887 million.

Exports rose by 16 per cent in value and 3·6 per cent in volume in 1979. Within this, exports of crude oil more than doubled in value; non-oil exports therefore rose 11 per cent in value and 1·3 per cent in volume. Export performance in 1979 was affected by three main factors: a severe reduction in deliveries owing to the political situation in Iran and a change in import regulations in Nigeria; Britain's worsening international competitiveness, exacerbated by the strength of sterling in 1979; and, to a lesser extent, possible effects of the road hauliers' dispute early in the year.

Imports increased by 20·3 per cent in value and 11·6 per cent in volume. Oil imports fell during the year as British North Sea oil production increased, non-oil imports rising by 21 per cent in value and 14 per cent in volume. A 15 per cent increase in the volume of imports of manufactures reflected two main factors: comparatively buoyant consumer expenditure, particularly in the second quarter in anticipation of the rise in value added tax announced in the June 1979 Budget; and a worsening in price competitiveness in the home market, reflecting in part the strength of sterling. Supply problems arising from industrial disputes may also have been a contributory factor.

For the year as a whole the relative volume index[1] for total trade fell by 7 per cent to its lowest level since 1975. The terms of trade index rose marginally as the rising value of sterling caused export prices to rise faster than import prices, though this trend was restrained to some extent by rising oil prices.

ANALYSIS BY AREA

An analysis of Britain's overseas trade by area for the period 1977-79 is given in Table 2. Among major markets, exports to the developed countries increased in value by 25 per cent. Within this total, exports to the other member countries of the European Community and to the rest of Western Europe both increased by about 30 per cent. The Federal Republic of Germany was Britain's top single-country export market, a position formerly held by the United States. Total exports to the developing world were adversely affected by the cutback of some £1,000 million in exports to Iran and Nigeria although deliveries to the rest of the developing world increased slightly.

Imports from the developed countries rose by 23 per cent; within this rise imports from other member countries of the European Community rose by 25 per cent while those from the rest of Western Europe increased by 31 per cent. Falling imports of crude oil led to a 2 per cent drop in

[1]For imports this excludes the cost of insurance and freight, included on an overseas trade statistics basis. The two bases also differ by certain other valuation and coverage adjustments.

[1]Export volume index as a percentage of the import volume index.

Table 1

Britain's Overseas Trade 1970-79
Seasonally adjusted except unit values. Balance of payments basis

	Exports f.o.b.* £ million	Imports f.o.b.* £ million	Visible balance £ million	Unit value indices (1975=100) (not seasonally adjusted) Exports	Imports	Terms of trade†	Volume indices (1975=100) Exports	Imports	Relative volume index‡
1970	8,151	8,183	– 32	50·8	42·8	118·8	81·8	81·8	99·1
1971	9,043	8,853	+ 190	53·7	44·8	119·8	85·9	85·5	100·5
1972	9,423	10,184	– 761	56·8	46·9	121·1	85·6	95·2	89·9
1973	11,937	14,523	–2,586	64·0	60·0	106·8	97·2	108·4	89·7
1974	16,395	21,745	–5,350	81·6	87·7	93·1	104·2	109·5	95·2
1975	19,330	22,663	–3,333	100·0	100·0	100·0	100·0	100·0	100·0
1976	25,193	29,104	–3,911	119·6	122·1	98·0	109·9	105·9	103·8
1977	31,734	33,973	–2,239	141·5	141·4	100·1	118·4	107·9	109·7
1978	35,071	36,564	–1,493	155·1	147·0	105·5	121·5	112·6	107·9
1979	40,689	44,001	–3,312	171·9	162·3	105·9	125·9	125·7	100·2

* Free on board: values include all costs accruing up to the time of placing the goods on board the exporting vessel or aircraft.
† Export unit value index as a percentage of import unit value index.
‡ Export volume index as a percentage of import volume index.

Table 2

Britain's Overseas Trade by Area 1977-79
Seasonally adjusted. Overseas trade statistics basis

£ million

	1977	1978	1979
EXPORTS f.o.b.			
Developed countries	23,688	26,414	32,208
of which *EEC*	*12,152*	*14,084*	*17,885*
Rest of Western Europe	*5,606*	*5,709*	*7,015*
North America	*3,821*	*4,291*	*4,835*
*Other**	*2,110*	*2,330*	*2,474*
Developing countries	8,636	9,798	9,260
of which *Oil-exporting countries*†	*4,374*	*4,769*	*3,793*
Other	*4,261*	*5,029*	*5,467*
Centrally planned economies‡	911	1,070	1,191
Total	**33,331**	**37,382**	**42,804**
IMPORTS c.i.f.§			
Developed countries	27,393	31,730	38,141
of which *EEC*	*14,171*	*16,576*	*20,896*
Rest of Western Europe	*5,576*	*6,986*	*8,110*
North America	*4,948*	*5,337*	*6,221*
*Other**	*2,698*	*2,831*	*2,914*
Developing countries	8,162	7,834	8,698
of which *Oil-exporting countries*†	*3,800*	*3,449*	*3,375*
Other	*4,362*	*4,385*	*5,323*
Centrally planned economies‡	1,371	1,303	1,536
Total	**36,978**	**40,930**	**48,467**

* Australia, New Zealand, South Africa, Japan.
† Algeria, Bahrain, Brunei, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Oman, Qatar, Saudi Arabia, Trinidad and Tobago, United Arab Emirates, Venezuela.
‡ Soviet Union, Poland, German Democratic Republic, Hungary, Czechoslovakia, Albania, Bulgaria, Romania, People's Republic of China, North Korea, Vietnam, Outer Mongolia.
§ Cost of insurance and freight; values include the cost of insurance and freight from the country of consignment.
Note: 'Low value consignments' are included in total imports and exports but not in the allocation by area.

Table 3

Britain's Overseas Trade by Commodity 1978-79
Seasonally adjusted. Overseas trade statistics basis

	1978 £ million	1979 £ million	Percentage change 1978-79
EXPORTS f.o.b.			
Food, beverages and tobacco	2,912	2,947	+ 1·2
Basic materials	1,007	1,249	+24·0
Fuels	2,375	4,319	+81·9
Manufactures*	30,021	33,095	+10·2
Machinery and transport equipment*	13,811	14,758	+ 6·9
Machinery	9,221	9,807	+ 6·4
Road vehicles	3,070	3,149	+ 2·6
Other transport equipment*†	1,520	1,802	+18·6
Chemicals	4,199	4,914	+17·0
Metals	3,113	3,611	+16·0
Textiles	1,238	1,340	+ 8·2
Other manufactures	7,660	8,472	+10·6
Miscellaneous	1,068	1,194	+11·8
Total	**37,382**	**42,804**	**+14·5**
IMPORTS c.i.f.			
Food, beverages and tobacco	6,141	6,521	+ 6·2
Fuels	4,805	5,779	+20·3
Industrial materials	14,923	17,847	+19·6
Basic materials	3,418	3,965	+16·0
Chemicals	2,757	3,404	+23·5
Other semi-manufactures	8,748	10,478	+19·8
Finished manufactures*	14,490	17,560	+21·2
Machinery and transport equipment*	10,677	12,764	+19·5
Machinery	6,332	7,435	+17·4
Road vehicles	2,797	3,936	+40·7
Other transport equipment*†	1,548	1,394	– 9·9
Other finished manufactures	3,813	4,796	+25·8
Miscellaneous	570	762	+33·7
Total	**40,930**	**48,467**	**+18·4**

* Includes North Sea installations.
† Not seasonally adjusted.

imports from oil-exporting countries but the value of imports from other developing countries and from the centrally planned economies increased by 21 per cent.

ANALYSIS BY COMMODITY

Table 3 gives a breakdown of Britain's overseas trade by commodity for the years 1978 and 1979. Exports of basic materials and fuels rose strongly in 1979. The volume of exports of finished manufactures was almost unchanged. Deliveries of office machinery rose significantly but the export performance of other manufactured goods was depressed, especially in the motor industry. A fall of 11 per cent by value and 21 per cent by volume in deliveries of passenger motor cars partly reflected the situation in Iran.

The increase in imports in 1979 occurred mainly in imports of manufactured goods. On an overseas trade statistics basis there was a 15 per cent rise in volume caused by an increase in practically every major manufactured commodity. Consumer products were particularly evident, especially passenger motor cars, imports of which rose 46 per cent in value and 33 per cent in volume terms.

Balance of Payments in 1979

Among factors reflected in the balance of payments accounts for 1979 was a large net capital inflow, which more than offset the deficit on the current account. The inflow represented a balance between the substantial capital outflow (estimated at £2,000 million in the second half of the year) following changes in exchange controls and inflows caused by high interest rates in Britain. The

Table 1

Current Account
Seasonally adjusted

£ million

	1977	1978	1979
Visible trade			
Exports (f.o.b.)*	31,734	35,071	40,689
Imports (f.o.b.)*	33,973	36,564	44,001
Visible balance	– 2,239	– 1,493	– 3,312
Invisibles			
Services (net):			
General government	– 731	– 699	– 833
Private sector and public corporations	+ 3,691	+ 3,974	+ 3,903
Total	+ 2,960	+ 3,275	+ 3,070
Interest profits and dividends (net):			
General government	– 688	– 499	– 377
Private sector and public corporations	+ 889	+ 1,560	+ 584
Total	+ 201	+ 1,061	+ 207
Transfers (net):			
General government	– 44	– 218	– 374
Private	– 1,102	– 1,693	– 2,028
Total	– 1,146	– 1,911	– 2,402
Invisible balance	+ 2,015	+ 2,425	+ 875
Current balance	– 224	+ 932	– 2,437

*Free on board; values include all costs accruing up to the time of placing the goods on board the exporting vessel or aircraft.

deficit on visible trade increased by some £1,800 million and the surplus on invisibles fell by £1,500 million, mainly owing to sharp increases in the profits of overseas oil companies in Britain, higher contributions to the European Community Budget and higher aid payments. Net repayments of official financing liabilities totalled more than £800 million and the reserves increased by over £1,000 million.

Figures for Britain's balance of payments for the fourth quarter and year 1979 were published on 6 March.[1] A summary of the current account is shown in Table 1.

VISIBLE TRADE

Details of Britain's visible trade, including an analysis by area and commodity, are contained in an article on pp 157–9. The deficit in 1979 of £3,300 million was more than double the 1978 figure, an improvement of £1,200 million in the deficit on oil trade being more than offset by a deterioration of £3,000 million in the balance on other trade.

INVISIBLES

The surplus on invisibles fell from £2,425 million in 1978 to £875 million in 1979.

[1]Central Statistical Office press notice.

Services

General Government

Credits on government services increased from £318 million in 1978 to £329 million in 1979. Debits rose from £1,017 million to £1,162 million. Higher military expenditure in real terms in the fourth quarter, the sterling cost of which, especially in the Federal Republic of Germany, was increased by exchange rate movements, was slightly offset by a higher contribution from the Federal Republic towards the cost of maintaining troops there.

Sea Transport

Credits on sea transport rose from £3,171 million in 1978 to £3,442 million in 1979 because of higher freight rates. Activity in real terms declined in line with the reduction in the size of the British fleet. Debits rose from £3,334 million to £3,748 million in 1979 as a result of the greater volume of goods imported into Britain. The overall effect was to increase the deficit on sea transport from £163 million to £306 million.

Civil Aviation

The surplus on civil aviation fell slightly from £284 million in 1978 to £245 million in 1979, as credits increased by 18 per cent to £1,701 million and debits rose by 26 per cent to £1,456 million. Earnings benefited from the higher prices paid by overseas airlines for fuel bought in Britain but the receipts of British airlines were static. The main

growth in the earnings of overseas airlines reflected almost equally a rise in the number of British residents travelling abroad and fare increases.

Travel

Travel earnings increased by £262 million to £2,764 million but fell in real terms as the increase in expenditure per visit of roughly the same number of overseas visitors as in 1978 was smaller than the rate of inflation. An increase of 36 per cent to £2,101 million in travel debits is thought to represent an increase of nearly 30 per cent in real terms, reflecting a marked increase in the numbers of British residents travelling abroad and a rise in expenditure per visit.

Financial Services

Earnings from financial services rose from £1,488 million in 1978 to £1,554 million in 1979.

Other Services

Net earnings from other services rose by 24 per cent to £1,747 million, a substantial part of this increase being attributable to North Sea oil and gas activities. Payments for such services continued to decline, reflecting the lower level of exploration and less work placed overseas. Expenditure in Britain by foreign governments and overseas students increased and there continued to be substantial earnings overseas by consulting engineers, contractors, architects and quantity surveyors.

Interest, Profits and Dividends

Private sector and public corporation credits increased from £4,510 million to £5,473 million in 1979 while debits rose from £2,950 million to £4,889 million. General government sector credits rose by £146 million to £912 million and debits by £24 million to £1,289 million. Earnings of both British companies' overseas operations and foreign oil companies in Britain appear to have fallen in the final quarter as a result of an easing of the supply situation, smaller stock appreciation and a slight drop in oil production by overseas companies operating on the UK Continental Shelf. A strong rise in British and foreign oil companies' profits in 1979 partly represented stock appreciation. Refining and chemical production in Britain made a substantially increased contribution to profits in 1979.

There was some indication of a downturn in British companies' earnings on their overseas direct investment towards the end of 1979, possibly reflecting the slowing down in the rate of growth of industrial activity in the United States in particular. Over the year there was an 11 per cent growth to £2,700 million. Profits due to overseas parent companies on their British operations moved erratically during 1979 as a result of the road haulage dispute in the first quarter, the changes in value added tax following the June Budget and the engineering dispute later in the year. They showed, however, little growth for the year as a whole.

Earnings from borrowing and lending in overseas currencies by British banks fell from £346 million in 1978 to –£6 million in 1979. Margins on eurocurrency operations fell while net external liabilities rose from mid-1978 until fairly late in 1979 as British banks switched into sterling. Interest earned by British banks on export credit and lending in sterling rose by 29 per cent in 1979, largely reflecting rising interest rates. Earnings on the official reserves also rose although the sterling value of earnings was offset to some extent by the strength of sterling during 1979.

The very sharp rise in interest rates in Britain in the middle of the fourth quarter resulted in higher interest payments on sterling liabilities. In particular, interest on current and deposit accounts with British banks rose to nearly double the 1978 figure, partly reflecting the substantial capital inflows over the year. Interest due abroad on British residents' borrowing from banks, etc, overseas also continued to rise with higher interest rates in the fourth quarter particularly in the United States. However, charges paid to the International Monetary Fund on official borrowing were almost 50 per cent lower in 1979 than in 1978 as a result of repayments of debt during 1978 and 1979.

Transfers

Government receipts from transfers, all from the European Community, rose from £461 million in 1978 to £542 million in 1979. Government debits from transfers increased from £2,154 million in 1978 to £2,570 million in 1979. Within this total, contributions to the European Community increased from £1,367 million to £1,625 million and bilateral economic aid to developing countries in the form of grants rose from £421 million to £490 million. Contributions and subscriptions to international organisations other than the European Community increased from £222 million in 1978 to £309 million in 1979. Overall the total net contribution to the European Community budget in 1979 (comprising items in 'transfers' and in 'services') was £971 million, compared with £815 million in 1978. Private sector credits from transfers fell by £12 million to £618 million in 1979 while debits increased from £848 million to £992 million. The relaxation of exchange control restrictions in June 1979 (see below) led to an increase in transfers by emigrants in the third quarter and this is thought to have been followed by a further increase after the abolition of controls in October.

INVESTMENT AND OTHER CAPITAL TRANSACTIONS

There was a net identified inflow of £3,525 million in 1979, compared with an outflow of £3,199 million in 1978 (see Table 2). The inflow represents a balance between the substantial capital outflow following the changes in exchange controls and inflows resulting from a marked change in the attractiveness of sterling, because of high interest rates in Britain. The inflow went principally into private holdings of British Government stocks and sterling deposits with British banks. Overseas currency borrowing and lending by the banks also resulted in a large net inflow as banks were switching into sterling for much of the year.

Table 2

Analysis of Capital Transactions and Official Financing
Not seasonally adjusted

£ million

	1977	1978	1979
Current balance	– 224	+ 932	–2,437
Investment and other capital transactions:			
Official long-term capital	– 319	– 336	– 401
Overseas investment in UK public sector	+2,182	– 80	+ 943
Overseas investment in UK private sector	+3,067	+2,678	+3,305
UK private investment overseas	–2,222	–4,268	–5,038
Overseas currency borrowing or lending (net) by UK banks:*			
Borrowing to finance UK investment overseas	+ 520	+ 835	– 445
Other borrowing or lending (net)†	– 136	–1,354	+1,903
Exchange reserves in sterling:‡			
British Government stocks	+ 5	– 115	+ 247
Banking and money market liabilities	– 24	– 4	+ 488
Other external banking and money market liabilities in sterling	+1,481	+ 361	+2,602
Import credit§	+ 351	+ 243	– 19
Export credit§	– 613	– 685	– 281
Other short-term transactions	+ 114	– 414	+ 221
Total investment and other capital transactions	+4,406	–3,199	+3,525
Balancing item	+3,179	+1,141	+ 623
Balance for official financing	+7,361	–1,126	+1,711
Allocation of SDRs‖	—	—	+ 195
Official financing			
Net transactions with:			
IMF	+1,113	–1,016	– 596
Foreign currency borrowing:			
by HM Government¶	+ 871	+ 191	—
by public sector under exchange cover scheme	+ 243	– 378	– 251
Drawings on (+)/additions to (–) official reserves	–9,588	+2,329	–1,059
Total official financing	–7,361	+1,126	–1,906

*Including certain other financial institutions.
†Excluding changes in levels resulting from changes in the valuation of sterling.
‡Sterling reserves of overseas countries and international organisations, other than the IMF; as reported by banks, etc, in the United Kingdom.
§Excluding trade credit between 'related' firms; after deducting advance and progress payments to suppliers. Net credit extended by UK merchants on third country trade is included within export credit.
‖Valued in sterling at current market related rates of exchange.
¶Drawings on two eurodollar facilities for the British Government to borrow $2,500 million and $1,500 million; also a bond issue of $350 million in New York.

Exchange control restrictions were relaxed in June (see p 192, 1979) and abolished in October (see p 338, 1979), except for those affecting Rhodesia which remained until December. There were substantial capital outflows in the third and fourth quarters but these were more than offset by strong inflows of sterling.

The exceptionally high level of repayments of foreign currency borrowing through British banks for direct investment overseas appears to have tailed off somewhat in the fourth quarter but was still substantial compared with the period before controls on financing of direct investment were relaxed in June and July. Repayments of borrowing directly from overseas sources may have continued at much the same rate as in the third quarter. New borrowing for direct investment was somewhat reduced and there were further outflows on account of net repayments of borrowing for portfolio investment. Also, following the abolition of controls in October, British residents increased their foreign currency deposits with British banks. Such deposits do not constitute balance of payments transactions in themselves, but in this instance were probably reflected in the banks' net lending overseas. Taking account of all these financing transactions, a very rough estimate of the total outflows in the second half of the year caused by exchange control changes is about £2,000 million, spread evenly between the third and fourth quarters.

The changes in exchange control did not appear to have a very marked effect on aggregate direct or portfolio investment overseas in either the third or fourth quarters. There was, however, some rise in portfolio investment in the European Community by insurance companies and pension funds in the third quarter and in United States securities in the fourth quarter.

Investment by overseas oil companies, particularly in on-shore activities in Britain, increased by about £850 million between 1978 and 1979 (see

Table 3

Inward and Outward Investment* – Private Sector
Not seasonally adjusted

£ million

	1977	1978	1979
Overseas investment in UK private sector			
Direct			
Unremitted profits†	+ 827	+ 850	+ 893
Other	+ 430	+ 523	+ 548
Investment by oil companies	+ 989	+ 656	+1,510
Investment in UK company securities	+ 421	+ 12	+ 357
Net borrowing by companies from banks etc overseas	+ 311	+ 603	– 25
Miscellaneous investment	+ 89	+ 34	+ 22
Total	+3,067	+2,678	+3,305
UK private investment overseas			
Direct			
Unremitted profits†	–1,285	–1,278	–1,568
Other	– 505	– 900	–1,276
Portfolio	+ 5	–1,063	– 648
Oil and miscellaneous	– 437	–1,027	–1,546
Total	–2,222	–4,268	–5,038

*Net of disinvestment. Assets: increase–/decrease+. Liabilities: increase+/decrease–.
†Excluding unremitted profits of branches.

Table 3). Most of this represented increases in retained profits for working capital. The rise in overseas investment by British oil companies was not quite so large at around £500 million and in part reflected the reduction during the third quarter in the credit period for oil allowed by some exporting countries. Among non-oil companies, the increase in outward direct investment was heavily influenced by the acquisition by British banks of three US banks in the second quarter of the year involving about £500 million.

UK CONTINENTAL SHELF OIL AND GAS PROGRAMME

A slight fall in North Sea oil production in the fourth quarter resulted from very bad weather and the reintroduction of restrictions on gas flaring. For 1979 as a whole oil production was within the forecast range and was about 45 per cent higher than in 1978. However, the sharp rise in oil prices doubled the value of sales to £5,699 million. Gas production was unchanged although the value of sales (at contract prices) rose by 25 per cent to £538 million.

Investment by overseas oil companies fell slightly during the year from £731 million in 1978 to £711 million in 1979, the 1978 figure being half that experienced in 1977. Interest, profits and dividends payable abroad to overseas oil companies increased from £572 million in 1978 to £1,420 million in 1979.

Sales of oil and gas plus identifiable balance of payments entries (imports of goods, net imports of services, and interest, profits and dividend due abroad) contributed £4,200 million to the current account in 1979, compared with £1,935 million in 1978.

Industrial Awards

The Queen's Awards for Export and Technology and the Design Council Awards for 1980 were announced recently.

QUEEN'S AWARDS

The Queen's Awards for Export and Technology, published on 21 April (the Queen's birthday), are made on the advice of a committee comprising representatives of industry and commerce, including the trade unions, and civil servants. They were instituted in 1965 as The Queen's Award to Industry (see pp 443-4, 1975), and were later separated into two categories; they are designed to recognise and encourage outstanding achievements in these fields. Some of the recipients are subsidiaries of overseas firms.

There are 104 awards this year, comprising 87 for export achievement and 17 for technological achievement, 17 fewer than for 1979. The number of applications received for awards was 1,172, compared with 1,640 in 1979. The recipients represent a wide spread of industrial and commercial activity and size of company, and include firms from every region of Britain. The list includes exporters of machine tools, pumps and cutlery, a range of machinery from office machinery to mining equipment, chemicals, pharmaceuticals and plastics, food and drink products, electrical and electronic equipment (including computer equipment, aircraft equipment and process plant controls), metals, printing and publishing, clothing and textiles, process plant, construction and civil engineering, consultancy, and financial, leisure and other services. For technological innovation, awards were won for the design of North Sea oil

production facilities, micro-circuit developments, a digital phototypesetter, developments in agricultural insecticides, and for integrated circuits, analytical instruments, other electronic equipment, modular dump trucks, and fire and protective equipment.

Export Achievement

General Engineering: Among companies winning awards for export achievement were Drum Engineering, a subsidiary of Syltone, which, despite strong competition from the Federal Republic of Germany, has been very successful in exporting its pumps, compressors and other equipment to Europe, Japan and North America; Hardy Spicer, a subsidiary of GKN, which exports transmission equipment world-wide, especially to Europe and North America; Hobourn-Eaton, a member of the Thomas Tilling group, exporter of automotive pumps; Kearney and Trecker Marwin, a world-wide exporter of high-technology machine tools, including special-purpose transfer lines; R. A. Lister, a subsidiary of Hawker Siddeley, winner of a previous award and exporter to some 150 countries of industrial, agricultural and marine diesel engines; Raychem, exporter of wire and cable products and plastic compounds; and a number of manufacturers of tools and cutlery.

Machinery: Manufacturers of machinery winning awards included Byron International, a division of Dobson Park Engineering (children's typewriters, sewing machines and cash registers); Dowty Mining Equipment, winner of a previous award and the leading British exporter of powered hydraulic roof support systems for coal mines; Dowty Rotol, another member of the Dowty group, which designs, develops and manufactures a wide range of aerospace equipment; GEC Turbine Generators, winner of a previous award; Lewmar Marine (high quality winches for pleasure craft), winner of two previous awards; Manesty Machines, exporters for many years and major manufacturer in Britain of tableting machinery for the chemical and pharmaceutical industries (also winner of two previous awards); Rank Xerox, winner of four previous awards and a market leader in copying machines, duplicators, electronic printing systems and facsimile transceivers; Redler Conveyors, exporters world-wide of purpose-built conveyors and elevators; and Wimet, a leading British manufacturer of tungsten carbide tools and associated equipment.

Electrical and Electronic Equipment: Firms in this sector winning awards included Gardners Transformers (transformers and electronic power supplies for industrial, civil and military applications); IDM Electronics (high precision sliding contact devices, used in avionics, radar and specialised industrial applications); Lansing Bagnall, winner in 1972 of an award for technological achievement and winner of five previous awards for export achievement and the largest producer of electric fork lift trucks in Western Europe; Linotype-Paul, winner of two previous awards, one for export and one for technological achievement, a world leader in the manufacture of electronic equipment for the phototypesetting and graphic arts industries and notable for high levels of exports to the Federal Republic of Germany and the United States; Marconi Radar Systems, part of GEC and manufacturer of air traffic, air defence and naval radar systems comprising basic radar sensors and the associated data processing equipment, control and monitoring equipment and simulators; Mars Money Systems (electronic coin mechanisms for automatic coin-changing machines); Newage Engineers, a member of the Charterhouse group and leading British manufacturer and exporter of a.c. generators; Quantel, which has gained an international reputation in digital broadcasting technology within three years and won an award for technological achievement in 1978; Racal-Datacom (electronic encryption units for security of speech and data over telephone and radio communications), which has recently established many new markets world-wide; Racal-Redac, another member of the Racal group (computer systems); Rank Taylor Hobson (precision measuring equipment used for quality control), a world leader with a 33 per cent share of world markets, most of which are highly industrialised countries with strong indigenous competition; Redifon Simulation, a member of the Rediffusion Organisation (advanced simulators, trainers, and motion and visual systems), winner of two previous awards and winner of the largest commercial contract for civilian simulators (from Boeing of the United States) ever awarded to a single manufacturer; and Sony (UK), subsidiary of the Japanese company and for five years manufacturer of colour television sets in Wales.

Engineering Consultancy, Process Plant and Construction: Companies in these areas winning awards included Ames Crosta Babcock, a subsidiary of Babcock Contractors (water and sewage treatment plants), especially active in the Middle East; Amey Roadstone Construction (roads and airfields, particularly in Europe and the Middle East); W. S. Atkins, winner of a previous award (engineering, planning and management consultants and architects world-wide); Babcock Woodall-Duckham, a subsidiary of Babcock International (engineering and process plant contractors); Binnie and Partners (consulting engineers), whose overseas earnings derive from professional services in all aspects of water engineering, mainly in developing countries; British Airways Engine Overhaul, a subsidiary of British Airways (overhaul and repair of engines, engine modules and components); British Nuclear Fuels (nuclear fuel cycle services, including uranium conversion, enrichment, fuel fabrication and reprocessing); Capper-Neill International (process plant fabrication and erection); Davy McKee (Minerals and Metals), a subsidiary of Davy Corporation, engaged in engineering and construction work for the iron and steel-making, metals extraction, mining, nuclear, coal, chemical and minerals processing industries; James Gentles (quantity surveyors and cost consultants); Loewy Robertson Engineering, another subsidiary of Davy Corporation, winner of a previous award (design and manufacture of rolling mills, strip processing and auxiliary equipment for the aluminium, ferrous and non-ferrous metals industries); Sir M. MacDonald and

Partners, winner of a previous award and consulting engineers mainly in land and water resources development; Oilfield Inspection Services (inspection and testing services for oilfield equipment, both on- and off-shore, including internal submarine pipeline X-ray); and the design and projects division of Vickers, a main market for whose services has been the People's Republic of China.

Chemicals and Metals: Companies in these sectors winning awards included Allied Colloids (speciality chemicals for a wide range of industries), winner of two previous awards; Alcan Plate (aluminium plate for aircraft, defence equipment and other applications); Bostwick Doors (metal doors, shutters and grilles, including on-site supervision during installation); Brickhouse Dudley (cast iron and steel products for the building and civil engineering industries); Healey Mouldings (plastic injection mouldings); Jackstone Froster (plate freezers and freezing mechanisms); Round Oak Steel Works (hot-rolled carbon and alloy steel bars), a company jointly owned by Tube Investments and the British Steel Corporation; Howson-Algraphy Group, part of Vickers, winner of two previous awards and a world leader in the manufacture of lithographic printing plates and exporter to some 100 countries; and Whatman Biochemicals (diagnostic reagent enzymes derived from bacteria, yeast and animal organs).

Clothing and Textiles: Firms in this sector winning awards included Cojana International Fashions (ladies' tailored coats, suits and weatherwear); S. & S. Ellis (world-wide exporters of wedding and evening dresses); Lamcoat Papers (worldwide exporters of specialised textile wall coverings); and Wearwell (ladies', children's and men's outerwear).

Food and Drink Industries: Food and drink manufacturers winning awards included McCain International (processed and frozen potatoes for use mainly in the catering industry) whose main market is the rest of the European Community; J. Marr & Son (fresh and frozen fish and fish oil); Peboc, jointly owned by C. T. Bowring (Fish Oils) and Philips Electronic and Associated Industries, whose main product is vitamin D_3 for animal foods; Pinneys Smokehouses (smoked fish); Ryvita (crispbread), subsidiary of Associated British Foods, previous award winner and exporter for many years – now to over 60 countries; and J. G. Turney & Son (worldwide exporters of Scotch whisky) and John Walker & Sons, also exporters of Scotch whisky (with some 200 markets worldwide) and winner of a previous award.

Other Manufacturing Industries: Other important manufacturing firms to receive awards were Aero-Print, a subsidiary of Bradbury Wilkinson (security printing); Financial Times (publishing, business information and conference services), regular exporter to over 120 countries and winner of two previous awards; Hughes Tool, a leading producer of rock drill bits for the oilwell and mining industries; Lee Howl, a leading British manufacturer of a wide range of pumps and exporter to some 80 countries worldwide, especially concentrating in the Middle East; Reynolds Medical, a small firm engaged in exploiting a patented British invention which brought a new degree of accuracy to 24-hour electrocardiographic analysis and world-wide exporter; Short Brothers (winner of a previous award) aircraft division (winner of two further previous awards), which manufactures the 330 commuter airliner and the Skyvan utility transport aircraft; Josiah Wedgwood, winner of two previous awards and the parent company of which has won a further previous award (ceramic and glass tableware, ornamental and sanitary ware), and exporter for over 200 years; and Westall Richardson (kitchen knives and blades) which exports to some 64 countries world-wide.

Service Industries: Service industries (other than consultants) winning awards included The Mercantile and General Re-insurance Company, winner of a previous award and currently having business in some 120 countries in all the principal classes of insurance; Standard Chartered Bank, winner of a previous award; and Trusthouse Forté, engaged worldwide in the operation and management of all types of hotels, retaurants and catering establishments, leisure complexes, travel and sports equipment shops.

Technological Achievement

Among the 17 organisations winning awards for technological achievement were a number of electronics firms. Linotype-Paul, winner also of an export award, and previous winner of a technological award, designs and manufactures a low-cost digital phototypesetter, the Linotron 202. This is a simplified, reliable machine based on advanced electronic and software techniques developed to satisfy an identified market need overseas. Micro Consultants, winner of a previous award, won an award for the design and application of electronic video image processing, generation and enhancement. This is in effect a complex storage system for video signals which can be utilised either for computer-controlled manipulation in real-time or for synthesis. Monotype International has developed a commercially successful phototypesetter based on a computer-controlled optical system incorporating a laser light source. The inherent precision of the laser beam facilitates character generation and filming of the clearest quality and at high speed. Ferranti Electronics, one of the largest electrical and electronic companies in Britain, gained an award for the design and large-scale manufacture of uncommitted logic arrays (ULA) for custom-built semiconductor electronic application. Before the introduction of the ULA the development of custom-built microcircuits took up to 2 years and was relatively expensive and difficult to modify. The parent company received a previous award in 1967. ITT Semiconductors (subsidiary of the United States corporation) won an award for the introduction of new techniques in the design and manufacture of silicon integrated circuits used as random access memories in computer and data processing systems, while National Semiconductor (UK), also a subsidiary of a United States corporation, won one for designing and producing an integrated circuit for the Dolby B high-fidelity noise reduction system, used to reduce the background noise of

a recording or transmission system (primarily cassette tape recorders). The integrated circuit permits a greatly improved signal-to-noise ratio at low cost and without loss of signal quality.

In the instrument sector, Analytical Instruments, which manufactures industrial gas-leak detection apparatus and a range of security equipment won an award for a doorway registering the transit of explosives, allowing a rapid and covert screening of large numbers of people. Lion Laboratories has developed a range of analytical instruments using a fuel cell sensor. Its Alcolmeters can be used by police for the roadside screening of drivers and in certain medical and industrial processes. Oxford Instruments, recipient of two previous awards, one for export and one for technology, won an award for technical innovation in advanced superconducting magnet sytems for nuclear magnetic resonance spectroscopy, while Renishaw Electrical won one for the design and manufacture of probes for use with co-ordinate measuring machines and machine tools. The Howson-Algraphy group of Vickers also won an award for its lithographic printing plates (and an export award).

Other companies winning technology awards were Cape Boards and Panels, a subsidiary of Cape Industries (asbestos-free fire protection products); DJB Engineering, winner of a previous export award and largest manufacturer of heavy-duty articulated dump trucks in the world (a new range of articulated dump trucks of modular construction); Matthew Hall Engineering (technological innovation in the design of production facilities for the Claymore 'A' platform in the North Sea); Morgan Refractories, subsidiary of Morgan Crucible (development of its 'Insuloc' refractory protection system for use in re-heat furnaces in the steel industry); Racal Safety, member of the Racal group (a new respiratory protection device against dusts, taking the form of a ventilated helmet combining head and eye/face protection); and Rothamsted Experimental Station, a research institute aided by government grant and winner of a previous award (development of photostable synthetic pyrethroids, valuable as both safe and active agricultural insecticides).

The Design Council made a total of 33 awards to British manufacturers under its 1980 awards scheme. Set up in 1944 to promote higher standards of design in British industry (and known until 1972 as the Council for Industrial Design), the Council instituted its awards for engineering and consumer goods in 1967 and those for medical equipment and motor industry products in 1975.

The motor industry awards were announced on 21 February, those for consumer and contract goods on 18 March, the medical equipment awards on 24 March and those for engineering products and components on 15 April.

Motor Industry

There were seven motor industry awards, co-sponsored by the Design Council and the Society of Motor Manufacturers and Traders. In announcing the winners, the chairman of the panel of judges stressed that the good showing made by the commercial vehicle sector of the industry was undoubtedly due to its strong motivation to innovate so that commercial vehicles could earn their living with the minimum of time lost through repairs and maintenance. AWD Electric Vehicles won an award for the design of a four-wheeled platform electric vehicle for work in confined spaces. The Electruk gives a safe, reliable and efficient form of transport with manoeuvrability approaching that of three-wheeled vehicles, while maintaining the stability of a four-wheeler. The simplicity of design and the all-steel chassis and body enables accident repair work to be undertaken by anyone with metal-working equipment, thereby reducing time lost in the acquisition of spare parts. Bowden Controls has designed a new flexible conduit following increased demand by engineering departments of automotive firms for longer adjusters on cable assemblies to simplify installations relating to clutch and handbrake systems. Britax (Wingard), part of BSG International, also won an award for its heated external rear-view mirror. The addition of power leads and connectors to an otherwise standard mirror assembly makes use of the electrical conductivity of the silvered backing to provide the heating element which ensures that the reflecting surface provides sufficient heat to demist and defrost the glass while the vehicle is in use. Craven Tasker's Taskold semi-trailer for refrigerated vehicles, the light-weight construction of which was achieved through extensive use of reinforced structural plastics, has a very high payload/vehicle-net-weight ratio combined with high thermal efficiency, constant temperature, strict hygiene control and minimal maintenance. Corrosion has been minimised by the incorporation of a stainless steel rear structure, bumper assembly and tail-light cluster coupled with thermoplastic mudwings. Haldo Developments' Baselite traffic bollard is incorporated in a base unit which is mostly sunk into the ground. Consequently, if struck in the event of an accident, the bollard shell is knocked over without any damage to itself, the vehicle or the lighting unit – which is housed in a waterproof box and protrudes only 35 mm (1·4 inches) above ground level. TI Churchill's 2000 wheel aligner enables comprehensive alignment checks involving the measurement of up to 18 angles on each vehicle to be carried out in an average of only 10 minutes. A sophisticated measuring device using electronics for extra accuracy, the 2000 is easy to calibrate and all measurements can be taken from a single position. The final motor industry winner of a Design Council award, Leyland Vehicles' C40 cab system for its T45 range of trucks, not yet available overseas, comprises six cab modules covering two basic widths and three heights. Each cab derivative from the basic cab shell will contain at least 60 per cent of common parts, for use on trucks from 6·5 tonnes to 65

tonnes and specialist trucks of up to 200 tonnes. The system was designed jointly by Leyland Vehicles in association with Motor Panels Limited and Ogle Design.

Consumer and Contract Goods

Selection of the final seven awards for consumer and contract goods was broadened this year by the judges contacting manufacturers direct as well as looking at British-made items on sale. Interest in well-designed textiles, wallpapers, pottery and glass was stimulated by the judges setting up two panels to deal separately with engineering-based and decorative-based products. Six of the seven awards came into the first category.

Amstad Systems, in conjunction with Goodwin Wheeler Associates, won an award for its range of perch seating for use at bus stops, stations and sports stadia; the seating is ideal for these uses as it only projects a few inches, does not take up valuable standing room and does not impede pedestrian traffic. Its application can be extended to schools, playgrounds, parks, hospitals and 'fast food' restaurants. The design incorporates the minimum of components and the seat is made of tough foamed polypropylene, available in high-density colours and reinforced with a steel pivot rod which allows the seat to be supported at each end. Units have already been sold to British Rail, the British Airports Authority, London Transport and other transport authorities. Bramah Security Equipment also won an award for its sturdy but stylish BP17 high-security padlock. It is cylindrical and finished in stainless steel; the padlock thus counteracts wrenching and the shackle is strengthened to resist cutting. An award was given to Britax-Excelsior for its yachting harness, the only harness to carry the approval of the British Standards Institution. The simple and effective colour coding of the terylene webbing – red for port and green for starboard – means that the harness can be put on both quickly and correctly in suddenly hazardous conditions or by unskilled yachtsmen. Crabtree Electrical Industries have introduced some important innovative features and considerably improved the appearance of lighting switches in their new Corinthian range. The switches are also easier and quicker to install than other models, and their safety is enhanced by the electrical connection being made by pushing the wire into a hole where it is firmly gripped into place; a small red lever must be depressed before it can be pulled out. Donald Brothers won an award for two new fabric collections for contract furnishing. Both the award-winning collections are manufactured in 100 per cent pure new wool and are aimed at both home and overseas markets for use as contract upholstery fabrics. The eight weave structures are offered in 17 standard colourways. Ian Proctor Design won an award for the Praddel, a one-handed paddle for use in single-handed dinghies where steering to course can be extremely difficult if both hands are occupied with a conventional paddle. The Praddel is ergonomically designed to be equally comfortable on the right or left arm, and in effect acts as an extension of the arm. Finally, Vango (Scotland) won an award for its Stowaway compact folding dinghy, designed by Jean Raymond. The Stowaway, which folds to an easily portable size, can be rowed, motored or used with its own sail attachment, and will carry two adults or one adult and two children.

Medical Equipment

The medical awards were once again sponsored jointly by the Design Council, the Department of Health and Social Security and the King Edward's Hospital Fund for London (commonly known as the King's Fund). So high was the standard of this year's submissions that six items of medical equipment from a total of only 26 entries gained an award. Each winner contributed significantly to medical care in the field, hospital or in the home.

The Mini-Wright peak flow meter, invented by Dr B. M. Wright of the Medical Research Council and manufactured by Clement Clarke International (winner of a previous Design Council award in 1975), is widely accepted as the most consistent instrument for clinical tests of the human ventilatory function, and has played an invaluable part in the management of asthma and chronic bronchitis by the general practitioner. Air exhaled into a sterilisable plastic mouthpiece forces a piston up a cylindrical tube progressively uncovering a slot until the pressure loss across the slot is equalised by the tension of the spring. The piston then returns to its rest position leaving a pointer to indicate the peak expiratory flow on a graduated scale adjacent to the slot. An emergency cervical collar made by Loxley Medical (a Reed International company) immobilises the cervical region of the spine (when injured in a road accident) without applying pressure to the patient's trachea before the casualty is moved. Because there are no metal components in the collar, it can be left on patients being X-rayed to determine the extent of their injuries. Owen Mumford's Autolet is a small portable device which pierces the skin for capillary blood letting. The action is sufficiently painless not to waken sleeping babies, and adults are often unaware that the skin has been pierced until the blood flows from the finger, thus making it ideal for use by people such as diabetics needing to test their own blood samples at home. Oxoid, part of the Brooke Bond Liebig group, has designed an anaerobic jar which provides the means of obtaining the oxygen-free atmosphere needed for the isolation of anaerobic organisms responsible for causing serious diseases. The jar is made of polycarbonate and is robust enough to withstand pressures of up to five atmospheres. The Pneupac ventilator resuscitator instant action set is designed for emergency resuscitation and comprises a control module and patient valve, together with a wide range of ancillaries. It operates automatically on a controlled, but variable, time-cycled principle, delivering predetermined pressure-limited volumes of nutrient gas to the casualty. The final award in the medical equipment category went to Vickers Medical Engineering for its stretcher transit isolator for transporting patients with highly infectious or contagious diseases.

Engineering Products and Components

There were ten awards fo engineering products and three for components. Of the products, Ambic Equipment, in conjunction with the National Institute for Research in Dairying, won an award for developing a mastitis detector for cows. Field trials at the institute have proved that a fine screen inserted into the main milk collection line from each milking point provides a more reliable indication of clotting (the most common and earliest sign of the infection) than the traditional foremilk cup method, which enables the first milk from each cow to be examined before milking. The detector continually monitors the milk flow without becoming blocked. Other engineering products awards went to: Baugh & Weedon's Seaprobe SP200 underwater ultrasonic digital thickness gauge, wich enables divers to measure metal thicknesses of offshore rigs and platforms and other underwater structures; DJB Engineering's off-highway articulated dump trucks, the first such trucks to incorporate a heavy-duty front axle suspension system using oil and nitrogen to absorb hauling and loading shocks; Electrolocation's CAT 1305 cable avoiding tool for use by roadworkers; Imaging Technology's Imtec 2000 microfilm reader/printer; Lansing Henley's Hermes 25-0 TR forklift truck, a compact but powerful truck designed for handling container loads on and off roll-on, roll-off cargo ships; Locat Developments' Locat radio distress beacon, a pocket-size electronic beacon activated simply by pulling out a pin; the Groundsat radio communication system manufactured by Plessey Avionics and Communications, which can transmit and receive signals on the same frequency; the Rees 90-93 industrial closed circuit television inspection system, manufactured by Rees Instruments, especially useful in nuclear power stations; and Ernest Scragg's SDS8 draw-texturing machine for the production of high-bulk polyester yarn from undrawn continuous filament fibre.

There were three awards for engineering components. Cameron Iron Works won an award for its hydraulic tubing hanger and Christmas tree tie-back (blow-out prevention) system for completing sub-sea drilling wells. The tubing hanger and running tool provide, within a single compact system locked to the wellhead, all means for suspending the strings of casing and service tubing inside the underwater well. Use of the system, which is designed to withstand blow-out pressures, does not involve rotation and therefore results in good access to service lines, tools and their control valves and instrumentation at all times. Dowty Hydraulics Units' hydraulic retarder for goods trains was liked by the judges for the fact that it requires no external power source. The retarder, which is placed at strategic intervals along a marshalling-yard track, is a completely self-contained unit comprising a cast-iron pot, bolted to the inside web of the rail, and a capsule that moves vertically inside the pot. The capsule is charged with oil and nitrogen so that the pressure of the nitrogen returns the capsule to its starting position after a train has passed over it. The unit is thus used for continuous freight wagon control. The final award in this category was for Kay Pneumatics' Power Logic range of spool valves, which do not need to be lubricated and are thus extensively used in medical, food, textile and packaging equipment.

Offshore Oil and Gas

More details of the arrangements for the seventh round of offshore oil and gas production licensing have been given. About 90 blocks will be licensed including at least 20 in a defined area of the northern North Sea where companies will be able to apply for blocks of their own choice. During 1979 the British National Oil Corporation (BNOC) made a profit of £98 million and achieved the short-term financial objective set by the previous Government in 1978. By the end of the year the BNOC had become one of the most important oil wholesalers in the industrialised world.

SEVENTH ROUND OF LICENSING

Further details of the arrangements for the seventh round of offshore oil and gas production licensing, including the blocks to be licensed, were given by the Secretary of State for Energy, Mr David Howell, in the House of Commons on 1 May (*Hansard*, Vol 983, No 167, written answers, cols 606-7). The initial arrangements had been outlined in December 1979 (see p 28). Mr Howell said that in due course he would invite applications for licences. His aim was to license approximately 90 blocks, of which at least 20 would be in the area set aside for company nominations. He had listed 80 identified blocks for which applications would be invited and a maximum of 70 of these blocks would be licensed. In addition, companies would be able to apply for any block or blocks of their own selection in a defined area of the northern North Sea.[1] Licensees would be required to make an initial payment of £5 million for each block licensed to them in this defined area.

Licences would be awarded by the normal discretionary method of allocation. In considering applications, he would take into account the applicant's technical competence, financial capability, previous performance and future plans. Amending regulations governing the seventh round and modifying certain model clauses would be made and laid before the House of Commons as soon as possible, and the notice inviting applications would be published when the regulations came into force. Mr Howell said that the Government was confident that the blocks to be offered for licensing and the arrangements for the seventh round would provide worthwhile and

[1]The defined area is the area to the east of the Greenwich meridian in the United Kingdom Continental Shelf between 62°N and 56°N with the exception of the western three-fifths of sector 8. (For a map of the Continental Shelf, see p 230, 1979.)

attractive opportunities for the industry to extend its exploration for oil and gas reserves on the United Kingdom Continental Shelf.

BRITISH NATIONAL OIL CORPORATION

After small net deficits in its first three years of operation, the BNOC recorded a profit in 1979 of £98·1 million attributable to the year's operations, according to its annual report and accounts, published on 21 April.[1] The BNOC's sales rose from £431·8 million in 1978 to £3,244·9 million in 1979. Its gross profit was £166·8 million, operating profit £136·3 million and net profit £13·6 million. During the year the BNOC became self-funding and it is now a substantial net contributor to the Government's finances. In 1979 the BNOC spent £189 million on the development of offshore production and related facilities, and £32 million on exploration. It was involved in the drilling of 23 wells on the United Kingdom Continental Shelf (UKCS), 43 per cent of the number drilled. By the end of 1979 the BNOC held equity interests in 26,188 sq km (10,110 square miles) of the UKCS; was an equity partner in four oilfields (Dunlin, Ninian, Thistle and the British sector of the Statfjord field), the Viking gasfield and four oilfields under development, together with associated pipelines and terminals; and was selling over 1 million barrels a day (equivalent to some 50 million tonnes a year) of crude oil. As a result of a review of the BNOC's operations, the Government decided that the Corporation should have a much more limited role and is considering various schemes for the introduction of private capital into its North Sea operations (see pp 229 and 301, 1979).

Telecommunications

The Post Office has given details of a major scheme to improve and expand the telephone network in Britain as part of the large-scale investment planned in telecommunications services. Other recent developments in telecommunications have included substantial progress in the Post Office's plans for the introduction of the System X all-electronic telephone exchange, the start of the laying of the world's largest optical fibre cable network, the announcement of plans for Britain to have the world's largest radiopaging system, and the start of construction of a third aerial at the satellite earth station at Madley (Hereford and Worcester).

TELEPHONE SERVICES

Details of a plan to improve and expand Britain's telephone service were given by the Managing Director of the Post Office's telecommunications business, Mr Peter Benton, on 1 May. Mr Benton said that the Post Office was spending £1,500 million a year on expanding, modernising and improving the telecommunications network and customer equipment. In 1979-80 the Post Office had installed 2 million telephone lines, completed the provision of inland direct dialling to every customer, extended the provision of international direct dialling, and launched major extensions of the Prestel public viewdata service (see pp 124-5, 1979, and pp 59-60 and 134). The expansion programme envisaged a 50 per cent increase by 1990 in the size of Britain's telephone system which, with 27 million telephones, was already one of the largest in the world. Among the plan's main points was the replacement of old electromechanical exchanges by modern electronic exchanges, of which 1,150 were already in service. Computer measurement analysis centres were being introduced to monitor exchange performance and identify faults immediately they occurred. Improved telephones and components were being introduced, and more than 25 million standard instruments would be upgraded or replaced, involving expenditure of £50 million over the next four years. Further improvements would be made to the international service, which was already one of the world's most advanced with over 96 per cent of customers of Britain's international automatic service being able to dial direct to countries overseas. Modern electronic push-button payphones were being introduced and by 1985 all 77,000 public kiosk coin-box telephones would be replaced by modern designs, with the 400,000 rented coin-box telephones being replaced by 1988.

Mr Benton noted that the real cost of telephone services provided in Britain had fallen by almost 25 per cent in the previous ten years. The Post Office was determined to do even better for its customers in future and had promised the Government to reduce the real cost of telecommunications services by an average of 5 per cent a year from 1978 to 1982.

SYSTEM X

Britain's first System X telephone exchange is due to start working in July 1980 (six months ahead of schedule). Mr Benton, speaking in London on 14 April prior to the equipment being displayed at a major exhibition on communications, said that System X, a series of digital telephone exchanges ranging from small local units for rural areas to large trunk and international centres handling thousands of calls simultaneously, was 'the heart of a new generation of integrated telecommunications equipment' that would 'carry the nation's telephone network into the twenty-first century'. With its microelectronic, digital and processor-control technology, System X offered many advantages including greater reliability; a wide range of special telephone facilities for customers, such as abbreviated dialling, call diversion and call barring; the provision to the telecommunications equipment industry of cost-effective exchange designs that would be fully competitive in world

[1] *The British National Oil Corporation. Report and Accounts 1979.* Available free from the BNOC, 150 St Vincent Street, Glasgow G2 5LJ.
ISBN 0 906049 03 2.

markets; and reductions in the times for supply, installation and commissioning of exchanges. System X was being developed by the Post Office, the General Electric Company, Plessey, and Standard Telephones and Cables. Overseas promotion of the equipment was in the hands of British Telecommunications Systems Ltd, a company formed by the four partners.

Mr Benton said that the first System X exchange would be a junction tandem exchange in the City of London, switching telephone calls between some 40 local exchanges. The first local System X exchange, at Woodbridge (Suffolk), would start working about the end of 1980. In 1981 two more exchanges – a switching centre at Cambridge handling trunk calls, and a local exchange at Arrington (Cambridgeshire) – would come into service, followed by four more exchanges early in 1982: a junction tandem exchange in Liverpool and three local exchanges, at Brixton in London, Hale in Liverpool and Drighlington near Leeds. A further 60 exchanges were scheduled to be replaced by System X exchanges and 20 of these were planned to be in service before the end of 1983. The large trunk exchanges in the System X series would form the basis of a new digital 'grid' which would link Britain's main population centres before the end of the 1980s.

OPTICAL FIBRE CABLE NETWORK

Laying has begun of the first of Britain's new optical fibre cables, which by the end of 1982 will form the most comprehensive network of its type in the world. Optical fibres are strands of glass as thin as a human hair and are capable of carrying thousands of telephone calls simultaneously. The technique, pioneered in Britain, is expected to make a significant contribution to the efficiency of the nation's telecommunications system by the mid-1980s through offering substantial reductions in the cost of transmission of telephone calls and other telecommunications services. Among the main advantages of optical fibre cables are that less amplifying equipment is needed to boost telephone calls over long distances, and that they are smaller in size and more flexible than conventional telephone cables with copper or aluminium conductors.

The Post Office, in collaboration with the manufacturers, has planned a network using over 3,500 km (2,200 miles) of fibre, which is being made up into nearly 450 km (280 miles) of cable to be installed on 15 routes in Great Britain. Work has already started on laying cables between Brownhills and Walsall in the West Midlands, Banbury and Oxford, and London and Reading. Each cable will contain eight fibres and be able to carry up to about 8,000 calls, and potentially many more. The first stage of the network is due to come into service in September 1980.

RADIOPAGING

Details of the Post Office's new radiopaging service, which, when complete, will be the largest of its kind in the world, were given by Mr Peter Benton on 8 April. Radiopaging provides a service in which a user can be contacted by dialling over the public telephone network the number of a portable compact radio receiver which then emits a distinctive 'bleep' to indicate to the user that he or she should telephone home or to the office. The Post Office already runs a service in London and the Thames Valley where there are some 30,000 receivers, and it has placed orders for an extra 70,000 to be supplied at a total cost of £6 million by Multitone, Motorola, and Standard Telephones and Cables. Mr Benton said that the success of the London and Thames Valley services had led to a demand for radiopaging from other parts of Britain. Initially the Post Office was meeting the demand by special extension of the service to selected cities, and services were now also available in Aberdeen, Birmingham, Bristol, Cardiff, Glasgow, Liverpool and Manchester. A major new national service would be started later in 1980 which would be able to accommodate up to about 1·5 million users. When completed in 1982, it would cover most of Britain and would be the world's largest single integrated paging network. To operate the new service, the country would be divided into 40 national paging zones. VHF radio transmitters in each zone would be controlled by a network of computers. Paging could be restricted to one particular zone – or extended zone by zone to cover the whole country.

SATELLITE COMMUNICATIONS

A second aerial at the Post Office's satellite earth station at Madley was inaugurated in March 1980 and work has started on a third aerial, which is required to meet the continuing rapid growth in international telecommunications traffic. Overseas telephone calls from Britain are increasing by 25 per cent a year. Sixty per cent of intercontinental calls go by satellite, either via Madley or via the earth station at Goonhilly (Cornwall). Madley carries over 1 million calls a month between Britain and some 40 other countries. The second aerial beams calls to a satellite positioned over the Atlantic Ocean, while the first aerial works to a satellite over the Indian Ocean, as will the third aerial, due to be completed in mid-1981. Its dish will have a diameter of 32 metres (105 feet) and be capable of transmitting 2,000 telephone calls and two television programmes simultaneously. The cost of the third aerial will be over £7·5 million, of which the largest contract, worth some £3 million, has gone to Marconi Communication Systems.

Shorter Notes

INFLATION ACCOUNTING

The Accounting Standards Committee (ASC) issued in March its *Statement of Standard Accounting Practice No 16 (SSAP 16), Current cost accounting.* The statement said that its proposals on current cost accounting should be regarded as standard for annual financial statements relating to accounting periods starting on or after 1 January 1980. Current cost accounting,

in contrast to historical cost accounting, is designed to reflect, in both the determination of profit and in the balance sheet, changes in the input prices of goods and services used and financed by a business. Such price changes will affect the amount of funds required to maintain the operating capability of the net operating assets. Its adoption had been recommended in 1975 in the report of the Inflation Accounting Committee under the chairmanship of Mr (now Sir) Francis Sandilands (see pp 351-2, 1975).

In a parliamentary reply on 31 March (*Hansard*, Vol 982, No 150, written answers, cols 23-5), the Secretary of State for Trade, Mr John Nott, said that the Government warmly welcomed this accounting standard and the progress it represented towards realistic financial reporting: 'We welcome in particular the fact that the standard will leave companies free to adopt current cost accounting for the statutory accounts prepared under the Companies Acts, and will not require the current cost information to be merely supplementary to historical cost accounts.'

SSAP 16 applies only to companies listed on the Stock Exchange and to large unlisted companies (excluding those operating in certain specialised fields). The ASC envisages a period during which both current cost and historical cost accounting would be used by companies in a variety of modes. The ASC intends to issue guidance notes for small firms to adopt the standard on a voluntary basis and Mr Nott said that the Government endorsed this encouragement to such businesses to avail themselves of the advantages of current cost accounting. He added that the Government recognised the need for a familiarisation period but it hoped this would not be unduly protracted and that, in the meantime, users of accounts would make the fullest use of current cost information in their decisions and in assessing company performance. The Government was pleased that the ASC was making arrangements to maintain progress and prepare for further developments in the light of experience.

The Secretary of State said that the new standard would apply to the accounts of the nationalised industries. He went on to say that inflation raised serious problems for the taxation of business profits and referred to the commitment given by the Chancellor of the Exchequer in his Budget statement of 26 March (see p 116) that the Government would publish a consultative document later in 1980 reporting the results of its general review of the provisions of corporation tax.

Mr Nott concluded his answer by announcing that, as allowed by the fourth directive on company law of the European Community, the Government had now declared to the European Commission its intention to legislate to permit current cost accounting methods of valuation in Britain.

GOVERNMENT HOUSING MEASURES

The Government has proposed two new measures to encourage better use of older housing stock. One is a scheme to help local authorities to improve empty homes for sale, while the other is a new grant system to stimulate the improvement and repair of older housing.

The improvement for sale scheme would be established within the framework of clause 96 of the Housing Bill (see pp 56-8). Properties would have to be acquired by local authorities voluntarily and the properties themselves would, in general, be old, in need of significant improvement and probably vacant. All significant works of repair, improvement or conversion would in principle be eligible for grant; it would be for the local authority to decide on the sensible level of expenditure and standard of improvement for each dwelling, bearing in mind its likely resale value.

Where the cost of acquisition and improvement were more than the subsequent sale price the Government would contribute 75 per cent of the first £4,000 of net cost and 25 per cent of the next £1,000, making a total possible grant of £3,250. Properties could be resold either on an outright ownership or a shared ownership basis.

Announcing the scheme on 15 April, the Minister for Housing and Construction, Mr John Stanley, saw it as 'a means of simultaneously improving the older stock, bringing empty dwellings back into use and helping first-time buyers by providing a new source of what will be relatively low cost homes'.

Proposals for a new grant system for the repair and improvement of older housing are given in a consultation paper published on 23 April. The proposals arise from powers which would be given to the Secretary of State for the Environment by the Housing Bill. The Secretary of State would have power to determine which houses should qualify for repairs grants, and it is intended that grants should be available for substantial and structural repairs to most houses built before 1919. The Secretary of State would also be able to vary the amounts of renovation grants available in particular circumstances and in different geographical areas. It is intended that these new powers should mainly be used to direct resources towards priority cases.

It is proposed that there should be two basic grant rates, a higher rate of 75 per cent and a lower one of 50 per cent, with discretion to increase the higher rate to up to 90 per cent in cases of hardship. Other proposals would allow the ratio of repair to improvement to increase to up to 70 per cent in housing action areas, and would relax some of the rateable value limits on owner-occupied houses.

BRITISH AEROSPACE

British Aerospace (BAe) made a trading profit of £90 million before tax in 1979 and exported goods valued at some £576 million, 56 per cent of its total sales turnover of £1,027 million, according to the corporation's annual report and accounts for 1979,[1] published on 17 April.

[1] *British Aerospace. Annual Report and Accounts 1979.* Available from HMSO, £2. ISBN 0 906351 02 2.

These results, including the proportion of sales exported, represented improved performance over 1978 (see p 163, 1979). Orders on hand at the end of 1979 were worth £3,290 million (compared with £2,951 million at the end of 1978), of which £2,163 million were from overseas (compared with £2,039 million).

In his report the new chairman of BAe, Dr A. W. Pearce, paid tribute to his predecessor, Lord Beswick, for his contribution in setting a successful foundation for BAe when it was formed in 1977 (see pp 193-4, 1977) and to the significant progress achieved since then. Dr Pearce pointed out that of BAe's civil aircraft programmes, the success of the European Airbus A300 and A310 (in which BAe is a full partner, see p 329, 1978) had exceeded expectations to such an extent that a major expansion was under way to meet the increasing market demand. The HS 125 business jet was also selling very well, and was retaining its share of the world market. Co-operative arrangements with Romania for the sale and manufacture of BAC One-Eleven airliners (see p 257, 1978) were finalised during 1979 and the project was now well under way. The short-haul turboprop HS 748 airliner continued to meet a market need, especially overseas, with increasing interest being shown by potential customers in the United States. The BAe board had regularly reviewed progress on the new BAe 146 jet feeder liner (see pp 298-9, 1978), for which the market outlook was promising.

The programme for the Tornado multi-role combat aircraft, built in conjunction with the Federal Republic of Germany and Italy, was progressing well. Other military programmes, such as the Anglo-French Jaguar, the Harrier and Sea Harrier, the Hawk and the Nimrod aircraft, and the various guided weapon programmes, continued to build up. Dr Pearce said that BAe was entering the 1980s with a record order book; more than £80 million had been authorised for capital investment in 1980; and the corporation's objectives would remain unaltered by legal and financial changes in its structure that were proposed in the British Aerospace Bill (see pp 380-2, 1979).

COMBINED HEAT AND POWER

The Government's decision to initiate immediately a programme of work on the feasibility of combined heat and power (CHP)/district heating in Britain was announced by the Secretary of State for Energy, Mr David Howell, in the House of Commons on 2 April (*Hansard*, Vol 982, No 151, written answers, cols 207-10). CHP would involve using energy normally wasted in the form of heat discharged to the atmosphere as a by-product of electricity generation, and could be linked with district heating or with industrial processes. A report by the Combined Heat and Power Group, published in 1979 (for publication details see p 254, 1979), found that CHP/district heating could be a viable economic option for heating buildings in areas of high density heating loads, particularly in the longer term, and that it could lead to savings of up to 30 million tonnes of coal equivalent a year. Mr Howell said that the Government welcomed the report which had made an important contribution towards answering the questions of whether CHP saved energy economically and whether there were obstacles to its economic development in Britain. The Government considered that, on the grounds of energy policy, CHP/district heating was an option that had to be kept open and that, as recommended by the Group, the next step would be to test the feasibility of CHP/district heating in specific locations. Accordingly, an initial programme of work, to be undertaken in conjunction with local authorities and the electricity supply industry, would be set in hand to identify possible sites for CHP/district heating schemes and then to make a full examination of one or two sites with a view to using them as 'lead city' schemes. The Government had carefully considered the Group's majority proposal that a National Heat Board should be established to co-ordinate CHP/district heating development in Britain, but believed that such a board was unnecessary at present as in the early stages of any development programme the work would fall mainly on consultants, local government and other local interests. In the industrial field, where CHP was already established, the Government accepted the recommendation that it should encourage the development of worthwhile CHP schemes.

In recent years the electricity supply industry has been looking for opportunities to exploit economically the CHP principle. The first CHP plant to be built as a result, a 15-megawatt plant at Hereford, was opened by Mr Howell on 2 May. As well as producing electricity for the national grid, it is providing steam and hot water for two large firms (a cider factory and a poultry farm). Mr Howell said that he had been very impressed with the scheme which clearly demonstrated what could be achieved in this important aspect of energy conservation.

GEOTHERMAL ENERGY

Britain's first attempt to tap an underground reservoir of hot water as an energy source has achieved encouraging results, according to a statement by Mr John Moore, Parliamentary Under-Secretary of State at the Department of Energy, in the House of Commons on 24 April (*Hansard*, Vol 984, No 162, written answers, col 208). Mr Moore said that an exploratory geothermal borehole drilled at Marchwood (near Southampton) had proved the existence of a large deposit of water at a temperature of 70°C. Drilling had been carried out down to a depth of 2,620 metres (8,600 feet) and geothermal water had been found at 1,710 metres (5,600 feet). Water in the Marchwood well, which would come to the surface at a temperature of 65-67°C, was sufficient to heat about 1,000 houses over a period of several decades, and further wells of similar potential could be drilled into the same reservoir. A pump would be installed in late

summer 1980 to bring the water to the surface and project workers were looking at possible uses in the area for the water. Meanwhile, further tests would be made to assess the available volume and mineral content of the water. [The Institute of Geological Sciences is carrying out the project on behalf of the Department of Energy. The project's estimated cost is £1·8 million, with two-thirds being financed by the Department of Energy and the remainder by the European Community.]

Mr Moore said that, although it was too early to draw firm conclusions about the commercial usefulness of the geothermal energy discovered, he was hopeful that the project team would be able to demonstrate that Britain now had 'a new and useful source of natural heat'. It might eventually prove a useful alternative to conventional fuels in heating homes and offices. He noted that rising prices and diminishing supplies of conventional fuels were encouraging all consuming countries to develop the widest possible range of energy options, and that in Britain there was an extensive programme of research into alternative energy sources.[1]

BRITISH RAILWAYS BOARD

For the fifth successive year the British Railways Board operated within the cash limits set by the Government for the public service obligation to provide rail passenger services, according to the Board's report and accounts for 1979, published on 23 April.[2] The Board received £530 million from the Government and passenger transport executives for operating passenger services, £14 million less than the limit. Turnover (including financial support) rose by £326 million to £2,306 million in 1979 when there was an operating surplus of £70·2 million and a net surplus (after interest and other charges) of £7·5 million. After making adjustments for previous years, the operating surplus was reduced to £62·3 million with a net loss of £0·4 million.

In 1979 some 736 million passenger journeys were made on the railways. This represented an estimated 19,900 million passenger miles (32,000 million km), the highest mileage since 1961 when the network was 30 per cent larger. Inter-city traffic rose by 3 per cent in 1979 and there was a substantial increase in traffic on the East Coast main line from London (King's Cross) to Edinburgh and Aberdeen following the introduction of the full Inter-City 125 service operated by High Speed Trains. However, freight traffic (excluding parcels), which totalled 169 million tonnes, was below the level forecast. Output by British Rail Engineering Ltd was its highest ever and at the end of 1979 it had an order book of over £50 million for customers other than British Rail. Transmark, the Board's consultancy subsidiary, worked on 74 projects in 29 countries in 1979. New contracts included a three-year contract to advise the Federal Railroad Administration on the development of rail passenger and freight services in the United States.

The Minister of Transport has asked the Board to consider the opportunities for the involvement of private capital in its non-railway subsidiaries such as the Sealink shipping concern, hotels and property.

BRITISH TRANSPORT DOCKS BOARD

The Government's intention to reduce its financial involvement in the affairs of the publicly owned British Transport Docks Board (BTDB), which runs 19 ports in Britain including Southampton, the Humber ports and several ports in south Wales, was announced by the Minister of Transport, Mr Norman Fowler, in the House of Commons on 5 March (*Hansard*, Vol 980, No 133, written answers, cols 258-9). Mr Fowler said that over the last few years the BTDB's financial and managerial performance had been very satisfactory. However, he thought it 'desirable to find ways of reducing the Government's financial involvement in the Board's affairs and of giving the Board more freedom from government control', although this would not involve splitting up the organisation. He had therefore asked the Chairman to explore possible ways of introducing private capital into the undertaking and to let him have a report on this matter as soon as possible.

The BTDB continued to operate profitably in 1979, according to its annual report and accounts, published on 18 April.[1] Revenue increased by £13·8 million to £133·6 million and there was a profit, after historic cost depreciation, of £26·8 million, which represented a return on capital employed of 15·1 per cent, compared with 16·9 per cent in 1978. The Board's net profit before tax was £13·6 million and after tax was £6·8 million. The report says that the 1979 results were achieved in spite of severe difficulties facing the ports and shipping industries in Britain as a result of the low level of overseas trade. Nevertheless, the total tonnage handled by the BTDB's ports rose by 4·2 per cent to 82·2 million tonnes in 1979, the main increases being in bulk materials and imports of manufactured goods, and the number of container and roll-on freight units rose to a record 766,000. In a review of the Board's activities during the 1970s, the report notes that it has increased its share of Britain's port activities in terms of turnover from under one-fifth to over one-quarter, and that since 1972 it has been self-financing.

[1]For more detailed information on research into geothermal energy and other alternative energy sources see COI Fact Sheet on British Industry *Renewable Sources of Energy*, No 26/FSI/79.

[2]*British Railways Board. Annual Report and Accounts 1979.* BRB. HMSO, £2. ISBN 0 11 983021 3.

[1]*British Transport Docks Board. Report and Accounts 1979.* Available free from the BTDB, Melbury House, Melbury Terrace, London NW1 6JY.

DOCUMENTATION

Government and Administration

Control of Immigration Statistics, United Kingdom, 1979. Contains statistics of people given leave to enter Britain; those accepted for settlement; residence permits issued to European Community nationals and their dependants; and applications for settlement made in the South Asian subcontinent. In 1979, 69,650 Commonwealth citizens and foreign nationals were accepted for settlement compared with 72,350 in 1978. Of these, 37,050 were citizens of the New Commonwealth countries and Pakistan, 5,900 fewer than in 1978. Cmnd 7875. HMSO, £4·25. ISBN 0 10 178750 2.

Review of the Public Order Act 1936 and related legislation (see p 147). Cmnd 7891. HMSO, £2·50. ISBN 0 10 178910 6.

Economic and Scientific Affairs

Board of Inland Revenue. The Survey of Personal Incomes 1977-78. Total personal income rose by 10 per cent between 1976-77 and 1977-78, according to the survey. Total income tax, however, remained virtually unchanged because of the reduction in taxation in 1977, principally the increase of one-third in the level of personal allowances and the reduction from 35 to 34 per cent in the basic rate of tax. The survey also found that there was little change in the overall incidence of income tax, with the top 1 per cent of taxpayers contributing 12 per cent of total income tax, the top 10 per cent contributing 35 per cent and the top 50 per cent contributing 81 per cent. In a comparison of the distribution of income from employment with that from self-employment the survey found that less than a quarter of income from employment was earned by the top 10 per cent of employees whereas nearly 40 per cent of income from self-employment was earned by the top 10 per cent of the self-employed. The median income for Britain was £3,480, with regional variations ranging from £3,210 (Wales) to £3,630 (South East). HMSO, £5·25. ISBN 0 11 641143 0.

Financial Statistics. Explanatory Handbook. 1980 Edition. HMSO, £4·10. ISBN 0 11 726044 4.

Statement of Standard Accounting Practice No 16. Current cost accounting (see p 170). Available from the Institute of Chartered Accountants in England and Wales, Moorgate Place, London EC2P 2BJ. £1·25.

Ninth Report on Competition Policy. This annual European Community report is in three parts, dealing with trends in competition policy towards enterprises (at international, national and Community levels); with policy towards state aids, state monopolies and public undertakings; and with trends in concentration within the Community. Available from HMSO, £5·50. ISBN 92 825 1626 1.

Health and Safety Commission Report 1978-79. HMSO, £1·75. ISBN 0 11 883257 3.

Health and Safety Executive: Effective Policies for Health and Safety. A review drawn from the work and experience of the Accident Prevention Advisory Unit of HM Factory Inspectorate. HMSO, £1. ISBN 0 11 883254 9.

Standing Commission on Pay Comparability. Report No 7: Teachers. Cmnd 7880. HMSO, £2·75. ISBN 0 10 178800 2.

British Aerospace. Annual Report and Accounts 1979 (see p 171). Available from HMSO, £2. ISBN 0 906351 02 2.

The Royal International Agricultural Show and National Agricultural Centre. COI, No 51/FSB/80.

The British National Oil Corporation. Report and Accounts 1979 (see p 169). Available free from the BNOC, 150 St Vincent Street, Glasgow G2 5LJ. ISBN 0 906049 03 2.

British Railways Board. Annual Report and Accounts 1979 (see p 173). BRB. HMSO, £2. ISBN 0 11 983021 3.

British Transport Docks Board. Report and Accounts 1979 (see p 173). Available free from the BTDB, Melbury House, Melbury Terrace, London NW1 6JY.

Social and Cultural Affairs

Older Workers and Retirement. Report by Dr S. Parker, Social Survey Division, Office of Population Censuses and Surveys, which examines retirement practices and the experiences and attitudes of people approaching retirement or who have retired. The main aims of the survey were to discover what influences people to retire before, at, or after state pension age and what influences them to continue working. HMSO, £7. ISBN 0 11 701020 0.

Falling Rolls in Secondary Schools: Part 1 by E. Briault and F. Smith. Report of a research project commissioned by the Department of Education and Science in the light of an expected drop in the secondary school population by one-third by 1991. One of the prime aims of the project was to forecast the outcome of the expected contraction for pupils, teachers, schools and local education authorities and to illuminate the policy and management issues it will raise. Available from NFER Publishing Co Ltd, Darville House, 2 Oxford Road East, Windsor, Berks., SL4 1DF. £5·75. ISBN 0 85633 207 0.

Statistics, Technological Developments and Cable Television. Third Report of the Interim Action Committee on the Film Industry. Cmnd 7855. HMSO, £1·75. ISBN 0 10 178550 X.

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Printed in England by Brown Knight & Truscott Ltd
and Published by
HER MAJESTY'S STATIONERY OFFICE
90p net

Annual subscription including
indices and postage £14.22

H2705 Dd 8034325 K8 MAY/80 1976
ISBN 0 11 721731 X Vol. 10 No. 5
ISSN 0039—6214